Canadian Standard Bookkeeping

CANADIAN STANDARD BOOKKEEPING

A COLLABORATIVE WORK IN ACCOUNTING FOR USE IN

Business Colleges
Commercial Departments
and Counting Houses

BY

J. W. Westervelt, A. Blanchard, C. A., J. W. Westervelt, Jr.,
and D. Hoskins, C.A.

"Whatever cultivates care, close observation, exactness, patience and method, must be valuable training and preparation for all studies and all pursuits."—RUNKLE

TORONTO
WARWICK BRO'S & RUTTER
1901

HF5635

Entered according to Act of the Parliament of Canada, in the year 1901, by the Federated Business Colleges of Ontario, Limited, at the Department of Agriculture.

PREFACE.

The reader of this preface may or may not know that there was a time when the youth desirous of gaining a knowledge of account keeping was compelled to apprentice himself to some mercantile house and spend therein laborious years in getting a more or less incomplete knowledge of bookkeeping and office routine. The need for a more thorough and systematic method of acquiring a commercial training resulted in the establishing of special schools, subsequently known as business colleges. The first of these colleges established in Canada was founded in the City of Toronto in 1860. From that year to the present time the public demand for education in business affairs has been increasing to a degree commensurate with the expansion of Canadian trade and commerce and the material development of the Dominion. One other cause has contributed to the demand for business training and that is the determination of business college teachers to meet the exacting requirements of the modern office and to teach only those things that contribute to business success.

The text-book in bookkeeping has proven to be an important auxiliary to the teacher of accounts and business methods. Canadian teachers have to some extent, however, been obliged to use text-books written in other countries and adapted to their commercial requirements. While Canadian methods and systems of account keeping are to a large extent similar to those which prevail in the United States and Great Britain, there are enough variations to make the publications of those countries more or less objectionable.

The writer may be pardoned for saying that he has long urged the publication of works that would embody the knowledge and experience of Canadian accountants of known standing united to that of business teachers of national reputation. This book is the fruit of that urging, and the writer takes the opportunity so kindly offered him in this preface to congratulate the authors on the clear and convincing manner in which the principles of accounting have been set forth, the logical development of those principles and the essentially practical character of the whole work. It is noted with satisfaction that the authors have confined their work to bookkeeping and business forms and have not endeavored to give the commercial student a sort of business encyclopedia containing a mass of irrelevant matter. It has been said that "Of the making of books there is no end." It may also be truthfully said that "Of the keeping of books there is no end." The need of a reliable guide to the keeping of accounts is consequently evident. To all those who would keep books for themselves or for others and keep them in accordance with the most approved Canadian methods, the Canadian Standard Bookkeeping is recommended with pleasure and confidence by

Faithfully yours,

CHARLES R. McCULLOUGH.

HAMILTON, ONTARIO,
September 1, 1901.

BOOKKEEPING.

Bookkeeping[1] is a systematic record of business transactions and has as its chief aim the compilation of results necessary to show the correct financial condition of the concern.

A Business Transaction[2] consists of the exchange of property or its representative of value.

Systems[3] There are only two recognized methods of Bookkeeping,
[4] Double and Single Entry.

Double Entry[5] is a system based on the principle that every debit must have its corresponding credit in the Ledger.

Single Entry[6] shows the transaction recorded generally but once in the book of final results, (the Ledger).

An Account[7] is an item or a collection of items of the same name grouped under one heading, showing the dealings of the business with that particular person or thing. Put briefly, an account is simply a Ledger name.

Debit and Credit[8] These terms are abbreviated to Dr. for debit and Cr. for credit and refer to the two ways in which business transactions affect all accounts. An account is divided into two distinct portions by a perpendicular line, the left by common consent being reserved for the Dr. and the right side for the Cr.

Classification of Accounts[9] Accounts are divided into two classes—Loss and Gain, sometimes known as Representative accounts; Resource and Liability, known as Real accounts. Many accountants classify accounts as Personal and Impersonal.

Loss[10] When the thing represented costs more than it produces the result is a loss.

Gain[11] When the thing represented produces more than it costs the result is a gain.

Resource[12] is cash or anything of value belonging to the business which can be converted into cash.

Liability[13] is any debt owing by the business.

Books[14] In the elementary work the books used are the Journal-Day-Book and Ledger. In the[15] Day-Book section of the Journal-Day-Book, are recorded in detail the business transactions as they occur.

Journal[16]. This portion of the book is prepared from the Day-Book section and contains in a concise and convenient form the debits and credits, with amounts. The determining upon and arranging of the debits and credits is called Journalizing.

Ledger[17] This book contains a permanent record of the business which is obtained by collecting the debits and credits of the same name under one heading. This process is termed posting.

Other Books[18] As the pupil progresses other books such as Cash, Purchase, Sales, Bill, Special Ledgers etc., will be brought into use. These books are the outgrowth of the elementary books above-mentioned, and the commerce of to-day makes their use a necessity.

Fundamental Principles of Double Entry.

Double Entry Bookkeeping is almost universally used by commercial houses for recording their accounts. As already stated it is based upon the law of Debt and Credit, which may be briefly outlined as follows :

DEBIT.	CREDIT.
19. Debit or charge an account when the thing represented is *received* into the business or *costs* value. When money is received Cash Account is debited. When goods are received Merchandise is debited for the cost price.	**22.** Credit an account when the thing represented is *disposed* of or *produces* value. When money is paid out Cash Account is credited. When goods are sold Merchandise Account is credited with the selling price.
20. The cost for salaries, rent, postage and similar expense outlays is charged to an account or accounts kept for the purpose.	**23.** When value is due to or received by the firm for the *use* of its money, its property or services, accounts representing these are credited.
21. Personal Accounts are debited when persons dealing with the firm obtain value without giving equal value in return at the same time.	**24.** Personal Accounts are credited when persons dealing with the firm give value without receiving equal value in return at the same time.

A condensed table embodying the above information will be found on page 31. This outline must be memorized if substantial progress is to be made in the study of bookkeeping.

Transactions involving Cash, Merchandise and Capital Accounts will now be given. The student is to arrange the work in accordance with the detailed instructions given below regarding these accounts.

CASH ACCOUNT.

This account is used to show the receipts and payments of cash and the amount on hand. The term Cash includes current money and anything that for commercial purposes serves as such. As, for example :—Post Office Orders, Postal Notes, Express Orders, Cheques, etc.

CASH.

25. Debit Cash for amount on hand at the beginning of business. For all cash afterwards received.	**26.** Credit Cash when paid and for checks issued when bank account is not kept in the Ledger.

SUMMARY.

Debit Cash for all receipts of same.	Credit Cash for all disbursements.

EXAMPLES OF BUSINESS TRANSACTIONS AFFECTING CASH.

CASH.

19—				19—			
Sept.	1		2000 00	Sept.	2		515 25
"	5		319 25	"	10		416 32
"	15		275 85	"	12		125 00
"	18		163 19	"	20		41 75
			† [illegible]	"	21		18 50
				"	21		5 00
				"	25		3 75
							† [illegible]
				"	30	Balance	1632 72
			2758 29				2758 29
Oct.	1	Balance	1632 72				

† Pencil footing.

You will now rule foolscap paper in Ledger form, as shown on the preceding page, preparatory to arranging the receipts and payments of Cash, found in the Exercises following, in accordance with the rules governing this Account.

Sept. 1, Invested cash in business, $2,000. Sept. 2, Paid cash for goods, $515.25. Sept. 5, Received cash for merchandise sold, $319.25. Sept. 10, Bought goods from Edwin Smith for cash, $416.32. Sept. 12, Purchased office safe for cash, $125. Sept. 15, Sold C. G. Garnett merchandise for cash, $275.85. Sept. 18, Received cash from W. J. Mill on account, $163.19. Sept. 20, A. Giffen was given cash for one month's rent, $41.75. Sept. 21, Bought stove for store by cash, $18.50. Sept. 21, Paid for postage, $5.00. Sept. 25, Lent A. D. Campbell, $3.75.

Always foot an account in the Ledger in small lead pencil figures, close up to the last item posted. See example on preceding page.

A comparison of the debit and credit footings of this account will show the [27] debit side to be always the larger excepting when the money has all been paid out, in which case the account will be in balance. [28] The balance on hand is a resource to the business.

[29] To close the account write on the smaller side which should be the credit) in red ink, the amount on hand and the word "Balance" together with the date. Then rule, foot and bring down the balance in black ink on the opposite side.

RESULTS.

Total receipts of cash	$2,758.29
" payments of cash	1,125.57
Balance of cash on hand	1,632.72

CASH EXERCISE NO. 2.

Oct. 1, Have on hand cash from previous business, $1,632.72. Oct. 2, Bought merchandise for cash, $800.00. Oct. 3, Sold merchandise to John Horton for cash, $179.86. Oct. 4, Paid cash for a set of office books, $21.75. Oct. 4, Paid cash for repairs to store, $6.85. Oct. 5, Sold E. G. Fitzgerald, merchandise for cash, $165.84. Oct. 6, Received cash from W. C. Zoellner on account, $64.75. Oct. 9, Paid clerk one month's salary, $35.00. Oct. 12, Paid cash for coal for store, $9.00. Oct. 15, Received cash to apply on James Butler's note, $49.36. Oct. 17, Sold H. Sangster, merchandise for cash, $123.27. Oct. 20, Paid Henry Benson on account, $16.75.

Rule and foot the account as in Exercise No. 1.

Result :—Cash on hand (resource) $1,326.45.

Note to Teacher.—Pupils may be supplied with ruled Ledger sheets, but it will be excellent practice for them to rule their own paper. These exercises should be supplemented by others of a similar nature.

MERCHANDISE ACCOUNT.

Merchandise consists of those commodities which the concern buys and sells for the purpose of making a profit.

MERCHANDISE.

Debit Merchandise.	Credit Merchandise.
For goods on hand when beginning business;	For all Merchandise sold;
For all subsequent purchases;	For returned purchases;
For returned sales;	For goods taken from stock for private use;
For freight and drayage.	For unsold goods at the close of the business year. This merchandise is called "Inventory" and is recorded in red ink.

Summary.

Merchandise is debited for its cost.	Merchandise is credited for its proceeds.

Merchandise account is often subdivided, accounts being opened for goods regarding which the owners may desire special information, as: Knit Goods, Furnishings, Carpets, &c., &c.

EXAMPLES OF BUSINESS TRANSACTIONS AFFECTING MERCHANDISE.

MERCHANDISE.

19—				19			
Sept.	1		400 00	Sept.	4		325 77
"	6		350 00	"	7		137 15
"	12		7 00	"	10		175 85
"	15		375 85	"	16		265 55
"	19		269 38	"	22		125 48
			† 1602 61				† 1029 80
	30	Gain	202 57		30	Inventory	575 00
			1604 80				1604 80
Oct.	1	Inventory	575 00				

Rule paper as in Cash account and record the following transactions. You will observe that the Gain and Inventory are shown in red ink.

Sept. 1, Bought merchandise for cash, $400.00. Sept. 4, Sold merchandise for cash, $325.77. Sept. 6, Bought merchandise on my note, $450.00. Sept. 7, Sold merchandise to E. F. Henderson on 30 days' credit, $137.15. Sept. 10, Sold Walter Harris merchandise on 60 day note, $175.85. Sept. 12, E. F. Henderson returns to us from his purchase of the 7th inst. goods valued at $7.00. Sept. 15, Bought merchandise from Calvin Munroe on account, $375.85. Sept. 16, Sold W. M. Anderson on his 10 day note, $265.55. Sept. 19, Bought merchandise from Fred. Fitzgerald for cash, $269.38. Sept. 22, Sold J. S. McDonald on account, merchandise valued at $125.48.

† Pencil footings.

How to find the Gain on Merchandise.

The footings of the Account having been ascertained, add the value, "usually cost or less, of the unsold goods, (Inventory) in red ink to the credit side. This having been done the difference between the debits and credits will show either a gain or a loss. If the credit side is the larger, it indicates that the productions have been greater than the cost, consequently the excess must show a gain. If the debit side is the larger the excess will show a loss. "It is expected that the Merchandise Account will exhibit a gain because the expenses have to be met largely out of the profits earned by this account.

RESULTS.

Amount of merchandise sold	$1,029.80
Add amount of merchandise on hand (Inventory)	575.00
Total of credit side	1,604.80
Subtract amount of merchandise bought	1,402.23
Excess of Cr. side or amount gained	202.57

Merchandise Exercise No. 2.

Oct. 1, Have goods on hand from Exercise No. 1, (Inventory) $575.00. Oct. 3, Bought from Gordon Cousins on account goods valued at $305.85. Oct. 4, Sold Albert Lockard on account merchandise, $245.63. Oct. 5, Sold N. McLeod for cash goods to the value of $125.34. Oct. 6, Sold C. S. Marshall on his note merchandise, $69.44. Oct. 9, Bought merchandise from E. R. Colwill on our note, $174.37. Oct. 12, Bought goods from J. E. Shields for cash, $124.96. Oct. 15, Allowed Albert Lockard on his purchase of Oct. 4th because of damaged goods $30.85. Oct. 18, Paid freight on goods purchased on the 12th, $4.15. Oct. 20, Took from store for private use merchandise worth $16.25. Oct. 24, Sold merchandise to W. Harris for cash, $106.28. Inventory, $701.82

Result :—Gain $130.58.

To Teacher : It would be advisable to explain to the pupil that the loss or gain can be arrived at by subtracting the inventory from the purchases and then comparing [illegible]

CAPITAL ACCOUNT.

This account (sometimes styled "Proprietor, or Stock) is used to show "the relation of the business to the proprietor.

CAPITAL.

Debit Capital.	Credit Capital.
For the debts of the proprietor assumed by the busi- [illegible]	For cash or anything of value invested by the pro- [illegible] commencement of business or [illegible]
[illegible] the business by the proprietor for his private use ;	For Present Worth brought down from [illegible]
For the net loss sustained in the business as shown in [illegible] Loss and Gain Account ;	For the net gain earned by the business as shown in the Loss and Gain Account
[illegible]	[illegible]

SUMMARY.

Capital Account is debited "for Liabilities assumed;
Withdrawals;
Losses.

Capital Account is credited for [illegible]
Resources invested ;
Gains

EXAMPLES OF BUSINESS TRANSACTIONS AFFECTING CAPITAL.

CAPITAL ACCOUNT

19				19			
Sept.	1		37.50	Sept.	1		2500.00
"	10		25.00	"	20		300.00
				"	30	Net Gain	225.85
			3025.85				3025.85
				Oct.	1	Present Worth	2903.35

Rule paper as previously instructed and record the following transactions. See above sample.

Sept. 1. Proprietor invested cash $2500.00 and a debt owed by him in favor of A. B. Cunningham for $37.50.

Sept. 10. Proprietor withdrew cash from business $25.00 for private use.

Sept. 20. Finding more capital necessary the proprietor invested a 30 day note in his own favor signed by H. C Brewer for $300.00.

Sept 30. The Net Gain as shown by the difference in the Loss and Gain Account is $225.85

RESULT. Present Worth $2,903.35

Capital Account Exercise No. 2.

Oct. 1. Proprietor continues in business with Present Worth as shown in Exercise No. 1, $2,903.35. Oct. 12. Proprietor makes an additional investment of J. W. Brown's note for $750.00. Oct. 10. He draws out cash for private use, $25.00. Oct. 25. Proprietor sells some Real Estate for cash and invests proceeds in the business, $1,275.00. Oct. 31. Net Loss as shown by Loss and Gain account, $405.85.

RESULT.—Present Worth $4,407.50.

How to find the Present Worth or Net Insolvency.

If, after entering on the proper side of the Capital Account the net loss or the net gain for the year, the Credit side is larger, this difference is termed "Present Worth. Should the Debit side upon comparison be the larger, the difference is called "Net Insolvency.

MEMORANDA OF TRANSACTIONS IN CASH AND MERCHANDISE.

You are now to make a record of the following transactions in your Journal-Day-Book in form as shown below. The Journal-Day-Book shows in detail the business transactions from which, by the application of the rules governing Cash and Merchandise, you are to arrange the debits and credits. By reference to the model it will be observed that on the left of the page is recorded the accounts to be debited and credited (Journalizing) and to the right is found the Day-Book entry and two money columns containing respectively the amounts of the debits and credits.

In the model only a few entries are shown. You are to complete the exercise and rule the Day-Book as outlined, not forgetting to foot the money columns in black ink.

BUSINESS TRANSACTIONS.

Sept. 1, Proprietor invested in the business cash $3,000.00. Sept. 1, Bought for cash Merchandise $350.65. Sept. 4, Sold J. W. Brown for cash, goods valued at $97.85. Sept. 5, Paid cash for a purchase of Merchandise, $125.37. Sept. 6, Received cash for Merchandise, $80.94. Sept. 8, Proprietor draws from the business for private use, $13.75. Sept. 12, Sold Wilbert Horne Merchandise for cash, $76.39. Sept. 15, Bought goods for cash, $221.74. Sept. 20, Received cash for the sale of Merchandise, $125.75. Sept. 22, Bought Merchandise from W. Morrison for cash, $376.87. Sept. 24, Sold Merchandise to Thos. Heard and received cash, $68.54.

LOCATION, SEPT. 1, 10—

1	Cash			Investment received from Proprietor	3000		3000	
1		To Capital						
			1					
1	Mdse			Bought bill of Mdse for cash	350	65	350	65
1		To Cash						
			4					
1	Cash			Sold goods to J W Brown for cash	97	85	97	85
1		To Mdse.						
			5					
1	Mdse			Paid cash for a purchase of Mdse	125	37	125	37
1		To Cash						
					3573	87	3573	87

You will foot only on the completion of your exercise.

After completing the work of Journalizing, rule between the dates and foot as here shown. The work of posting should not be commenced until the ruling and footing have been completed.

NOTE.—After completing the Journal Day Book hand to the teacher for approval.

Your work having been approved by the teacher, you will next proceed to transfer (termed posting) the debits and credits from the Journal-Day-Book to the Ledger as shown in the following illustration. Open accounts commencing with Capital, leaving the number of lines as in the model.

Before posting compare the entries in the Journal-Day-Book with the Ledger record in order to familiarize yourself with the method of transferring the debits and credits, which will be the next step.

You will observe that the Journal is divided into two distinct parts—Debit and Credit; the entries found in the Debit column of the Journal are posted to the Debit side of the Ledger, and the entries found in the Credit column of the Journal are posted to the Credit side of the Ledger. See reference to posting, page 12

CAPITAL.

19—				19—			
Sept.	8	1	13 75	Sept.	1	1	3000 00

CASH.

19—				19—			
Sept.	1	1	3000	Sept.	1	1	350 65
"	4	1	97 85	"	5	1	125 37
"	6	1	86 94	"	8	1	13 75
"	12	1	76 39	"	15	1	221 74
"	20	1	125 75	"	22	1	376 87
"	24	1	68 54				

MERCHANDISE.

19—				19—			
Sept.	1	1	350 65	Sept.	4	1	97 85
"	5	1	125 37	"	6	1	86 94
"	15	1	221 74	"	12	1	76 39
"	22	1	376 87	"	20	1	125 75
				"	24	1	68 54

HOW TO POST

As an example we will take the first Journal entry; Cash being found in the Debit column of the Journal, will be posted to the debit (or left side) of the Cash account in the Ledger. First place the amount ($3000) in the money column, then record in the folio column the page (1), of the Journal from which it is taken, lastly, the date Sept. 1, placing above the month at the top of each account the year (see example) then in the Journal in the folio column at the extreme left enter the page (1) of the Ledger to which the account is posted. Capital is next found in the credit column of the Journal and must therefore be taken to the credit side of the Capital account in the Ledger. Record first the amount ($3000) then the Journal folio (1) from which it is transferred, lastly, place the month and day in their proper columns and in the folio column at the left of the Journal opposite

the word Capital enter the page (1) of the Ledger to which it is transferrrd. Continue in this manner until all the Journal entries have been placed in their respective accounts in the Ledger.

This system of Bookkeeping which records a credit for every debit and a debit for every credit is termed Double Entry.

TRIAL BALANCE.

By reference to your Journal it will be found that the footings of the debit and credit columns correspond, therefore, it follows that if these amounts have been correctly transferred to the proper sides of their respective accounts the footings of the Ledger must agree with the footings of the Journal.

Testing the work of posting in this way is termed "taking a Trial Balance."

Proceed now in accordance with the following instructions: "Foot each Ledger account in lead pencil figures, close up to the last amount, so that they will not interfere with any items which may afterwards be carried to these accounts.

Write the names of these accounts on a sheet ruled as shown below, placing the debit and credit footings of each account, together with the page from which they are taken, on the same line with the name. By adding these columns they will be found to agree. "A Trial Balance is not, however, an absolute proof of correct work as will be explained later. See page 33.

TRIAL BALANCE.—SEPTEMBER 30th, 19—.

L. F.					
1.	Capital	13	75	3000	
1.	Cash	3455	47	1088	38
1.	Merchandise	1074	63	455	47
		4543	85	4543	85

Hand Journal, Ledger and Trial Balance to Teacher for approval.

QUESTIONS.

NOTE.—Your teacher will if necessary explain the use of the reference numbers.

(1) What is Bookkeeping? State its object. (2) Of what does a Business Transaction consist? (3) How many Systems of bookkeeping are there? (4) Name them. (5-6) Define each. (7) What is an account? (8) Define Debit and Credit. (9) How are accounts classified? (10-13) When does an account show a Loss, Gain, Resource, Liability? (14-18) Define Day Book, Journal and Ledger. (19-24) What is the general rule for debiting and crediting an account? (25-26) Give the rules for debiting and crediting Cash. (27) Which side of Cash will be the larger? (28) What does the balance of cash on hand show? (29) How is Cash account closed? (30) What is meant by Merchandise? (31-32) For what is Merchandise debited and credited? (33) How is the Loss or Gain on Merchandise found? (34) What is an Inventory, and how estimated? (35) What is it expected that the difference between the debits and credits of Merchandise will show? (36) Give other titles for Capital Account? (37) What is the purpose of the Capital Account? (38-39) For what is the Capital Account debited and credited? (40-41) What does the difference between the debits and credits of the Capital Account show after entering the Gain or Loss for the financial year? (42) When is the Journal-Day-Book complete for posting? (43) What is posting? (44) What is a Trial Balance? (45) How taken? (46) Is the Trial Balance an absolute test as to the correctness of the work in the Ledger?

EXPENSE ACCOUNT

The object of this account is to show the amount expended for carrying on the business. Under this title may be included: Salaries, Water, Gas, Heating, Rent, Advertising, Office Furniture, Books and Stationery, etc. While all the above charges may be, and sometimes are included under the general heading of "Expense," an account is usually opened for each so that the proprietor may arrive at results in detail.

EXPENSE.

Debit Expense.	Credit Expense.
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

Summary

Debit.	Credit.
[illegible]	[illegible]

EXAMPLES OF TRANSACTIONS AFFECTING EXPENSE ACCOUNT

Prepare Ledger paper as instructed under Merchandise and write up from the following memoranda expense account only.

Sept. 1, Paid rent of store for three months in advance, $150.00. Sept. 2, Bought desk for office, paying cash, $40.00. Sept. 3, Purchased Account Books for office, $15.25. Sept. 4, Bought letter press for cash, $5.75. Sept. 6, Paid for painting, etc., $18.78. Sept. 10, Procured insurance on stock of goods at ¾ per cent., $22.50. Sept. 12, Sub-let the basement of store receiving cash $10, for one month in advance. Sept. 16, Paid cash for advertising, $8.67.

Present value of desk and other items charged to Expense, $40.50. (Inventory.)

Record the inventory and loss in red ink.

RESULTS

Total Cost	$260.95
Total Production (including Inventory)	50.50
Loss	210.45

It is expected that Expense will show a loss from the nature of the transactions affecting the account. Hand your exercise to the teacher for approval.

REAL ESTATE ACCOUNT.

The object of this account is to show our dealings in Houses and Lands. By reference to the Merchandise Account it will be found that the conditions are somewhat similar.

REAL ESTATE.

DEBIT, REAL ESTATE.	CREDIT, REAL ESTATE.
For the value of all property [illegible]	[illegible] Sales, Rent [illegible]
For all purchases;	For any property on hand at [illegible] (Inventory).
For all improvements and [illegible]	
For the value of the property credited to Real [illegible]	

SUMMARY.

Real Estate is debited for original cost and subsequent [illegible]	"Real Estate is credited [illegible]

EXAMPLES OF TRANSACTIONS AFFECTING REAL ESTATE ACCOUNT.

Rule Ledger paper and write up the Real Estate Account in form similar to Expense.

Sept. 2, Bought store for cash, $6,000. Sept. 3, Bought vacant lot, on my note, $1,200. Sept. 4, Had a slate roof put on the store to replace shingles, $250. Sept. 5, Sold a quarter of the vacant lot, for cash, $450. Sept. 20, Erected a house on a portion (36 feet) of the lot, costing $1,090. Sept. 25, Rented the house for $20 per month receiving three months' rent in advance, $60. Sept. 27, Paid for sewer connection at store, $35. Sept. 28, Sold balance of vacant lot for cash, $375. Sept. 29, Sold house for $2,100 cash.

Value of property on hand, $6,150. (Inventory, red ink.)

RESULTS.

Total Cost	$9,475.
Total Production (including Inventory)	9,135.
Loss	340

Have exercise approved by teacher.

PERSONAL ACCOUNTS.

"Personal accounts are such as are kept in the names of the different individuals with whom we do business if full settlement has not been made at the time of the transaction. Dealings of this kind are said to be "on account."

PERSONAL ACCOUNTS.

DEBIT PERSONS.	CREDIT PERSONS.
For the amount due by them at the commencement of business;	For the amount due others at the commencement of business;
For all Merchandise, Notes, Cash, or anything else of value given them on account.	For all Cash, Merchandise, Notes, or anything of value given us on account;
For all allowances made to us after the Personal account has been credited.	For all allowances made by us after the Personal account has been debited.

SUMMARY.

Debit a person when he gets into our debt, or when he gets anything of value from us without giving us equal value in return at the same time.	"Credit a person when we get into his debt or we get anything of value from him without giving equal value in return at the same time.

" It follows from the above statements that if the account does not balance the person must owe us (which is termed a Resource), or we owe him (which is termed a Liability).

EXAMPLES OF TRANSACTIONS AFFECTING PERSONAL ACCOUNTS

[illegible] account "A. B. [illegible]

[illegible] A. B. Cunningham owes us on account, on commencing business, $30.37. [illegible] Sold [illegible] Merchandise on account, $[illegible]. Sept. 8, Received [illegible] Merchandise from him on account, $[illegible]. Sept. 15, Transferred to him W. Smith's note on account, $[illegible]. Sept. 17, Sold Mr. Cunningham Merchandise on account, $[illegible]. Sept. [illegible], Received his check on account, $13.60. Sept. 25, Mr. [illegible]

RESULTS

Total Debits (He owes)	$[illegible]
Total Credits (We owe)	[illegible]
He owes (Resource)	[illegible]

Place Resource in red ink, rule, and foot. [illegible] inspection.

MEMORANDA OF TRANSACTIONS AFFECTING CAPITAL, CASH, MERCHANDISE, REAL ESTATE, EXPENSE AND PERSONAL ACCOUNTS

[illegible] Journal and Ledger paper and proceed to [illegible] post and take [illegible] on pages 11 to 13. Give Capital, Personal Accounts and Real Estate [illegible] Expense and Merchandise eight lines each and Cash ten lines in Ledger. Give address [illegible] Personal accounts. After posting foot the Ledger accounts in small *lead pencil* figures close up to the last item on each side.

HEAD YOUR JOURNAL WITH LOCATION AND DATE.

Oct. 1, Student invests cash, $5,500. Oct. 2, Rented store, No. 280 Dundas St., for one year (with privilege of buying) paying one month's rent in advance, $30 cash. Oct. 3, Engaged H. C. [illegible] as clerk at a salary of $25 per month (make this as a Memo. only in Day Book portion). Oct. 4, Bought Merchandise, as per invoice from T. B. Escott & Co., Galt, Ont., giving check $2,210.75 in payment. Oct. 4, Purchased for cash, office books and stationery, $10.85. Oct. 4, Paid freight bill in cash, $15.10, (debit Mdse.) Oct. 5, Sold Edwin Smith, London, Ont., on account goods invoiced at $285.65. Oct. 6, Sold J. H. Raymond, Embro, Ont., Merchandise on 30 days credit, $150.25. Oct. 10, Ed. Smith, London, Ont., returns on account of inferior quality from his purchase of the 5th, Merchandise invoiced $27.46. Oct. 10, Received cash from J. H. Raymond on account, $50.25. Oct. 14, Paid fire insurance premium, $11.38, by check. Oct. 16, Purchased store property, paying cash, $3,000. Oct. 20, John Hart made permanent repairs to store amounting to $95.43, for which he is credited. Oct. 23, Received cash from sale of Merchandise, $475.49. Oct. 20, Paid water rates in cash, $7.95.

Record the following inventories in your Journal-Day-book at the end of the exercise.

Merchandise in stock	$1,425.30
Real Estate	[illegible]

Have the work of your Journal approved by teacher, before commencing to post.

Ledger for Preceding Transactions Showing the Method of Closing the Loss and Gain Accounts.

CAPITAL

19						19					
Oct.	31	Present Worth *	1	[illegible]	83	Oct.	1		1	5500	
							31	Net Gain	1	[illegible]127	83
				5[illegible]27	83					5[illegible]27	83
						Nov.	1	Present Worth		5627	83

CASH

19						19					
Oct.	1		1	5500		Oct.	2		1	30	
"	10		1	[illegible]	25	"	4		1	2210	75
"	25		1	475	40	"	4		1	10	85
						"	4		1	15	10
						"	14		1	11	38
						"	16		1	3000	
						"	29		1	7	95

EXPENSE.

19						19					
Oct.	2		1	30		Oct.	31	Loss *	2	60	18
"	4		1	10	85						
"	14		1	11	38						
"	29		1	7	95						
				60	18					60	18

Reduced from all things.

MERCHANDISE

19[illegible]				19[illegible]			
Oct. [illegible]		[illegible]	[illegible] 75	Oct. [illegible]		[illegible]	[illegible]
[illegible]		[illegible]	[illegible] [illegible]	[illegible]		[illegible]	[illegible] 25
		[illegible]	[illegible] 40	[illegible] 17		[illegible]	[illegible] 40
[illegible]	[illegible] Gain *	[illegible]	[illegible] 81	[illegible]	[illegible] Inventory *	[illegible]	[illegible]
		[illegible]	25			[illegible]	[illegible]
Nov. [illegible]	[illegible]	[illegible]	[illegible] 40				

EDWIN SMITH, London

19[illegible]				19[illegible]			
Oct. [illegible]		[illegible]	[illegible] 65	Oct. [illegible]		[illegible]	[illegible] 40

J. H. RAYMOND, London

19[illegible]				19[illegible]			
Oct. [illegible]		[illegible]	[illegible] 25	Oct. [illegible]		[illegible]	[illegible] 25

REAL ESTATE

19[illegible]				19[illegible]			
Oct. [illegible]		[illegible]	[illegible]	Oct. [illegible]	[illegible] Inventory *	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible] 33				
[illegible]	[illegible] Gain *	[illegible]	[illegible] 57				
		[illegible]	[illegible] 90			[illegible]	[illegible]
Oct. [illegible]	[illegible] Inventory	[illegible]	[illegible]				

JOHN HART

				19[illegible]			
				Oct. [illegible]		[illegible]	[illegible] 15

Balance [illegible] Balance [illegible]

LOSS AND GAIN

[illegible]						[illegible]					
Oct.	31	Expense	1	60	18	Oct.	31	Mdse.	1	83	44
"	31	Capital		127	83	"	31	Real Estate	1	104	57
				188	01					188	01

TRIAL BALANCE, OCTOBER 31, 19

[illegible]							
1	Capital					5500	
1	Cash	6025	74	‖		5280	03
1	Expense	60	18				
1	Merchandise	2253	31			911	39
1	Edwin Smith	285	05	‖		27	40
1	J. H. Raymond	150	25	‖		50	25
1	Real Estate	3095	43				
1	John Hart					95	43
		11870	50	‖		11870	50

[illegible]

GUIDE FOR CLOSING THE ACCOUNTS SHOWING LOSSES AND GAINS.

Open an account for Loss and Gain following the last account in your Ledger. To the debit side of this account will be carried all the losses, and to the credit side all the gains. The difference between the two sides, if the gains are the larger is termed Net Gain, and Net Loss if the losses are the larger. The Net Gain is transferred to the credit side of the Capital Account and the Net Loss to the debit of the Capital Account.

MERCHANDISE.

Before you can determine whether the Merchandise Account shows a gain or loss you must take into consideration the Inventory (Unsold Goods). The Inventory is found by going through the stock, weighing, measuring and calculating its worth, using cost price generally. The Inventory is placed upon the credit side in red ink and is added to the sales; from this total is deducted the purchase price, the difference will be either a Loss or a Gain. It is expected that it will show a gain because as stated on page 9 the business depends almost entirely for its profit upon this account.

Proceed as follows:—(a) On the credit side of this account place the amount of the Inventory (in red ink) $1,425.36, the word "Inventory" in the explanation column and the date, Oct. 31, in the date column. (b) On the smaller (debit) side enter in red ink the difference $83.44 in the amount

column, enter the folio of the Loss and Gain [illegible] account (to which the amount has to be transferred) the word "Gain" in the explanation column and the date, Oct. 31, in the date column.

[illegible] The two entries just described will make Merchandise balance but they destroy the equality of the Debits and Credits of the Ledger, and to restore the equilibrium the Inventory [illegible] is brought below the ruling upon the opposite (debit) side writing in black ink, *Nov. 1, Inventory, $1425.36*, and the gain is transferred, also in black ink, to the credit side of the Loss & Gain account, placing in [illegible] *Oct. 31, Merchandise*, folio [illegible]

It will be noticed that the red ink entries destroy [illegible] the balance of the Ledger and that the [illegible]

EXPENSE.

[illegible]

[illegible] Write in red ink $60.18, the folio of the Loss and Gain Account, the word "Loss" and the [illegible] Expense [illegible] Ledger out of balance therefore [illegible] to the debit side of the Loss and Gain [illegible] Expense [illegible]

REAL ESTATE.

[illegible] Merchandise [illegible] Place on the credit side in [illegible] *Oct. 31*, [illegible] After ruling the account, carry the inventory [illegible] Next [illegible] Loss and Gain account, writing in black ink, *Oct. 31*, [illegible] Real Estate [illegible]

LOSS AND GAIN.

[illegible] Loss [illegible] The debit side of this account in the [illegible] on Merchandise and Real Estate. The [illegible] Net Gain [illegible] being added to the Capital will [illegible]

[illegible] *Oct. 31*, [illegible] Folio of Capital [illegible] Net Gain, writing in black ink, *Oct. 31*, *Net Gain*, Folio of Loss and Gain [illegible]

CAPITAL ACCOUNT.

[illegible] Net Gain [illegible] of this account the difference between the [illegible] Present Worth [illegible] To close this account write on the smaller [illegible] ink, *Oct. 31*, [illegible] After ruling and footing the account [illegible] the Present Worth [illegible] black ink [illegible] *Present Worth* [illegible]

QUESTIONS.

(47) What is the object of the Expense account? (48-49) For what is Expense debited and credited? (50) What will the difference between the sides of Expense account likely show? (51) What is the object of the Real Estate account? (52-53) Give rules for debiting and crediting Real Estate. (54) What do you mean by Personal account? (55-56) When is a Personal account debited? When credited? (57) What will the difference between the sides of a Personal account show? (58) What is done with the Net Gain at the end of the year? (59) Where is the Net Loss carried at the close of the year's business? (60) After adding the Inventory what do you expect Merchandise account to show? (61) Where will the amount referred to in No. 60 be transferred? (62) What is done with the Inventory after the account is closed? (63) What might be said to be the general effect of a red ink entry? (64) Give another name for Loss and Gain? (65) How do you arrive at the amount of the Present Worth?

INTEREST AND DISCOUNT ACCOUNT

Interest is the use of money. We debit this account when it costs value and credit it when it produces value. When reckoned against negotiable securities not yet due it is termed Discount. The object of this account is to record these allowances.

INTEREST AND DISCOUNT.

Debit, Int. & Disc't.	Credit, Int. & Disc't.
For all items of interest due us on commencing business.	For all items of interest due others upon commencing business.
For the amount paid by us for the use of all money borrowed on our notes, drafts, etc., also for interest accrued but not yet payable.	For the amount received to credit of others for money borrowed from them, also for interest on overdue drafts, etc., payable.
For all allowances on other persons' notes, drafts, etc., disposed of by us, for less than face value;	For all allowances on our notes, drafts, etc., by us before maturity.
For all items of interest accrued on our promises, but not yet due at the close of the business year. (Inventory.)	For all items of interest accrued on the promises of others, but not yet due at the close of the business year. (Inventory.)

SUMMARY.

Debit Interest and Discount when the use of money costs us anything.	Credit Interest and Discount when the use of money produces us anything.

The difference between the sides of Interest and Discount (including Inventory if there is one) will show either a gain or a loss. You will notice that the account is based on "use." If the debit side is the larger the use costs more, and a loss results; if the credit side is larger the use produces more and the difference is a gain.

EXAMPLES OF TRANSACTIONS AFFECTING INTEREST AND DISCOUNT.

Rule paper and write up the account.

Sept. 1, There is accumulated interest on our outstanding notes $5.44. Sept. 4, Paid cash for money borrowed of Marshall $150.75 and for interest on same $9.76. Sept. 8, Received cash from A. Giffen for his note in our favor $225.65; also interest on same to date $13.57. Sept. 12, Sold

Calvin Munro's note of $97.50 to the bank at a discount of $3.67. Sept. 15, Paid cash for interest [illegible] $26.39. Sept. 17, Prepaid our note $25.75 favor of H. Horne, less discount [illegible] $2.38. Sept. 18, Received cash for interest on G. C. Bingell's note, $12.19. Sept. 24, T. Heard prepaid his note in our favor. Face of note $127.38. Discount $4.32. Sept. 30, There is accumulated on our note favor of W. Morrison, interest $6.34. (Inventory). Balance the account in red ink, rule and foot. Hand in work for inspection.

RESULTS

Total Debits (use cost us)	$50.48
Credits (use produced us)	33.58
Loss	[illegible]

TRADERS BANK OF CANADA

Toronto, May 11, 19 No. *475*

Thirty days after date *I* promise to pay to the order of *C. W. Fuller* $ *135.29*

IN COLLEGE CURRENCY

One Hundred and Thirty five $\frac{29}{100}$ *Dollars,*

payable at *Bank of Commerce* Interest at *5* per cent. per annum. Value received. Due *June 13, 19*

Proprietor.

BILLS PAYABLE ACCOUNT

By Bills Payable is meant our written obligations to pay money to others.

BILLS PAYABLE

DEBIT, BILLS PAYABLE	CREDIT, BILLS PAYABLE
[illegible]	When beginning business for Notes and Acceptances outstanding.
[illegible]	When our written obligations to pay money are issued.

SUMMARY

[illegible]	Credit Bills Payable when issued.

It is evident from an examination of the facts set forth above that the credit side of Bills Payable will always be entered first, also that if there be a difference it will represent our unpaid Notes or Acceptances. This difference is termed a Liability.

EXAMPLES OF TRANSACTIONS AFFECTING BILLS PAYABLE

Rule paper and write up the account.

Sept. 1, Began business with note outstanding favor of C. M. Thirlwall, $125.37. Sept. 4, Purchased Merchandise on our 10 day Note, $280.63. Sept. 5, Gave J. D. Williams note on account, $67.45. Sept. 9, Made a partial payment of $67.37 on our note favor of C. M. Thirlwall. Sept. 12, Gave McLean Bros., note for $35.25, in full of account. Sept. 17, Paid our 10 day note in cash, $280.63. Sept. 19, Bought Merchandise on our 15 day acceptance $163.18. Sept. 20, Paid Cash on our note, favor of J. D. Williams, $33.00.

RESULTS.

Total Credits (Notes Issued)	$671.88
Total Debits (Notes Redeemed)	381.00
Outstanding Notes (Liability)	$290.88

Balance the account in red ink, rule and foot. Hand in work for inspection.

TRADERS BANK OF CANADA

London, May 11, 19— No. *31*

Ninety days after date *I* promise to pay to the order

of *Proprietor* $ *219.25*

IN COLLEGE CURRENCY

Two Hundred and Nineteen 25/100 *Dollars,*

payable at *Traders Bank* Value received.

Due *Aug 12, 19* *J. C. Hunter.*

BILLS RECEIVABLE ACCOUNT

By Bills Receivable we mean the written obligations of other persons to pay us money.

BILLS RECEIVABLE

Debit, Bills Receivable.	Credit, Bills Receivable
[illegible]	When a partial payment is made; also when disposed [illegible]

SUMMARY

Debit Bills Receivable, when received.	Credit Bills Receivable, [illegible]

From the above statements it will be observed that an entry must first appear upon the debit side of the account; also that if there be a difference "" in the account it will represent, notes or acceptances on hand and be a Resource to the business. If the bills have all been disposed of the account will balance.

EXAMPLES OF TRANSACTIONS AFFECTING BILLS RECEIVABLE ACCOUNT.

Rule paper and write up the account.

Sept. 3. Sold Harry Parsons, merchandise on his note, $75.80. Sept. 4, Received from Bruce Ripley, note to settle his account, $37.20. Sept. 12, Received cash from H. Parsons to apply on his note, $25.80. Sept. 14, Bought note of $50, signed by E. H. Stewart, paying cash, $45.65. Sept. 15, Discounted B. Ripley's note, $37.20, at bank, discount, $1.15. Sept. 16, Sold George Kidd, on his acceptance, goods invoiced at $96.88. Sept. 19, Received $50 cash from H. Parsons in full of note. Sept. 21, Bought merchandise and gave in payment E. Stewart's note, $50. Sept. 22, G. Kidd paid $25 cash to apply on note.

RESULTS

Total Debit (Notes and acceptances received)	$260 03
" Credit (Notes and acceptances disposed of)	188 15
Notes on hand (Resource)	$71 88

Place the amount of the resource on the credit side in red ink. Rule and foot the account and bring down the balance.

Prepare paper and journalize and post the following transactions, afterwards, taking a trial balance and making a statement of the Resources, Liabilities, Losses and Gains. Give Capital, Bills Payable, Personal Accounts and Bills Receivable, five lines each. Cash and Merchandise ten lines each. Expense seven lines and Discount three lines. Head your Journal-Day-Book with the location and date.

LOCATION, MONTH, 19—

Oct. 1, Began business with cash, $3,500. Oct. 2, Leased store No. 95 King St. W. at an annual rent of $600 paying one month's rent in advance by cheque. Oct. 3, Paid cash for office books and stationery, $26.75. Oct. 3, Engaged C. H. Graham as clerk at $9 per week. (Memo only.) Oct. 4, Bought stock of merchandise from C. Marshall & Co., Windsor, on my ten day note, $1,075.25. Oct. 4, Sold for cash one chest Y. H. Tea 65 lbs. net at 42c. per lb., 5 Boxes Soap 60 lbs. net, per box, at .04c. a lb. Oct. 6, Sold E. H. Stewart, Orangeville, on account 5 bbls. G. Sugar. Net weights as follows: 280 lbs., 275 lbs., 290 lbs., 310 lbs., 287 lbs., at .04½c. a lb. Oct. 8, Paid telephone rent three months in advance by check, $12.50. Oct. 9, Sold Russell Parker, Strathroy, on his thirty day note, 20 bbls. Flour at $5 per bbl. Oct. 12, Purchased on account from M. S. Armstrong & Co., Toronto, merchandise, invoiced at $325.48. Oct. 15, E. H. Stewart, Orangeville, complained that he was overcharged on his purchase of the 6th. To adjust the matter we allow him 1/7 of a cent a lb. (See instructions on page 8 under Merchandise.) Oct. 16, Pay our note favor of C. Marshall & Co. by check, $1,075.25. Oct. 17, Sold Hamilton Bingle, Grimsby, for cash 100 lbs. Currants at .06¼c. a lb., 1 chest Japan tea, 68 lbs. net, at 45c. a lb., 6 bbls. Flour at $4.75 a bbl. Oct. 17, Paid clerk two week's salary by cheque. Oct. 20, Paid M. S. Armstrong & Co., Toronto, by cheque, $125.48. Oct. 24, Russell Parker prepaid his note of the 9th inst. Discount allowed him .44c. Cash received, $149.56. (See instructions under Interest and Discount, page 21.) Oct. 25, Received from E. H. Stewart, Orangeville, cash on account, $21.25. Oct. 27, Sold R. W. Scott, on his note at ten days, 5 boxes Raisins, 15 lbs. net to the box, at 12c., 1 Cheese weighing 70 lbs. net at 11c., 15 cases Canned Goods at $1.65 a case. Oct. 28, Gave M. S. Armstrong & Co., Toronto, our note of $100 at fifteen days to apply on account.

INVENTORIES

Merchandise in stock,	$1173 00
Expense—Telephone rent prepaid, and office supplies,	15 00

TRIAL BALANCE, OCT. 31, 19

L.F.					
1	Capital			3500	00
1	Cash	3785	60	1397	98
1	Expense	107	25		
1	Mdse.	1402	70	301	49
2	Bills Pay.	1175	25	1175	25
2	Bills Rec.	100	45	150	00
2	E. H. Stewart	64	80	33	31
2	M. S. Armstrong & Co.	225	48	325	48
.	Discount		44		
		6853	51	6853	51

You will now make out a statement of the business showing the Losses, Gains, Resources and Liabilities in form as follows:

STATEMENT OF LOSSES AND GAINS.

				Loss.		Gain.	
Merchandise	Cr.	Proceeds from Sales	$301.49				
		Inventory (unsold)	1173.00				
		Total	1535.00				
	Dr.	Cost	1402.70				
		Gain				132	30
Expense	Dr.	Cost of outlay	107.25				
		Less Inventory	15.00	92	25		
Discount	Dr.	Cost of money used			44		
		Difference—Net Gain		39	01		
				132	30	132	30
Capital		Amount invested	3500.00				
		Gain added	39.01				
		Present wealth	$3539.01				

STATEMENT OF RESOURCES AND LIABILITIES

		Resources		Liabilities	
Cash	Balance on hand	2477	98		
Expense	Inventory	15	00		
Mdse	"	1173	60		
E. H. Stewart	Amount he owes	31	58		
Bills Rec	Notes on hand	41	45		
Bills Pay	My written promises not yet paid			[illegible]	00
M. S. [illegible] & Co.	Amount due them			[illegible]	00
	Difference between Resources and Liabilities, called Present Worth			353[illegible]	61
		3739	61	37[illegible]	61
Proof	Difference between Resources and Liabilities or Present Worth, $353[illegible].61				
	Net Credit, $3500.00				
	Gain added $39.61				
	Present Worth $3539.61				

CLOSING THE LEDGER

At the end of each year it is customary in business to cause the Capital Account in the Ledger to show the Present Worth of the proprietor by closing into it the Net Gain or the Net Loss for the period as shown on page 28.

It is not necessary to close the accounts which show resources and liabilities as they simply indicate of what the present worth is composed.

Any account which requires closing owing to insufficient space or equality of the sides, or for any other reason, may be closed at any time and the balance either brought below the ruling or carried forward to a new page as the circumstance would suggest.

GUIDE FOR CLOSING THE LEDGER.

Following the last account in your Ledger open an account for Loss and Gain. Commence with the first account in your Ledger following Capital, which in this instance is

CASH.

Write in red ink on the smaller side (credit) of this account as follows:—(*a*) *October 31, Resources*, $2,477.98. It will be observed that these figures represent the difference between the receipts and expenditures. (*b*) Next rule and foot the account as shown on page 28 and transfer the balance (Resources) below the ruling on the debit side, writing in black ink, "*Nov. 1, Resources*, $2,477.98.

EXPENSE

Enter upon the credit side of this account the value of the Inventory, writing in red ink as follows: (*a*) *Oct. 31, Inventory, $15.* (*b*) Then on the smaller side (credit) of the account enter the difference between the sides in red ink, write as follows:—" *Oct. 31, Loss,* (page of Loss & Gain account) *$92.25.* (*c*) Rule and foot the account as illustrated, transfer Inventory below the ruling on the debit side, writing in black ink, *Nov. 1, Inventory, $15.* (*d*) Next carry the loss to the debit side of the Loss & Gain Account, writing in black ink, *Oct. 31, Expense* page of Expense Account *$92.25.*

MERCHANDISE

(*a*) On the credit side of this account enter the Inventory, writing in red ink, *Oct. 31, Inventory* [illegible] (*b*) then on the smaller side (debit) record the difference between the sides in red ink. Write as follows: " *Oct. 31, Gain,* (page of Loss & Gain Account) *$132.30.* (*c*) Rule and foot the account, transfer the Inventory below the ruling upon the opposite side (debit) in black ink, writing, *Nov. 1, Inventory, $1,173.60.* (*d*) Next transfer the gain to the opposite side (credit) of the Loss & Gain Account, writing in black ink, *Oct. 31, Mdse.,* (page of Mdse. Account *$132.30.*

BILLS PAYABLE.

(*a*) Record on the smaller side (debit) the difference between the sides, writing in red ink, *Oct. 31, Liability, $100.* (*b*) Rule and foot the account and transfer the balance (Liability) below the ruling upon the opposite side (credit) writing in black ink, *Nov. 1, Liability, $100.*

E. H. STEWART.

(*a*) On the smaller side of this account (credit) enter the difference in red ink, *Oct. 31, Resource, $31.58.* (*b*) Rule and foot the account and bring the balance (Resource) below the ruling on the debit side, writing in black ink, *Nov. 1, Resource, $31.58.*

BILLS RECEIVABLE

(*a*) To close this account record on the smaller (credit) side, in red ink, the difference between the sides, writing as follows:—*Oct. 31, Resource, $41.15.* (*b*) Rule and foot the account and carry below the ruling on the opposite side the balance (Resource), writing in black ink, *Nov. 1, Resource, $41.15.*

M. S. ARMSTRONG & CO.

(*a*) Write on the smaller (debit) side, in red ink, as follows:—*Oct. 31, Liability, $100.* (*b*) Rule and foot the account and carry below the ruling upon the opposite (credit) side, in black ink, *Nov. 1, Liability, $100.*

DISCOUNT.

(*a*) To close this account record upon the smaller (credit) side, in red ink, the difference, writing as follows:—*Oct. 31, Loss* (page of Loss and Gain account), *.44.* (*b*) Rule and foot the account and carry to the opposite side of the Loss and Gain account the amount of the loss, writing as follows:—*Oct. 31, Discount* (page of the Discount account), *.44.*

LOSS AND GAIN

[illegible] To close this account write on the smaller (debit) side, in red ink, the difference, as follows:— [illegible] page of Capital account, [illegible] Rule and [illegible] the account and transfer the difference to the credit side of the Capital account, writing in black ink, [illegible] *Net Gain* [illegible] Loss and Gain account). [illegible]

CAPITAL

[illegible] To close this account write on the smaller (debit) side, in red ink, the difference, as [illegible] *Present Worth*, [illegible] Rule and [illegible] the account and bring the Present Worth [illegible] upon the opposite credit side, writing in black ink, [illegible] *Present Worth*, [illegible]

[illegible] ledger is now closed and the Capital Account has been [illegible] to show the present worth. [illegible] of the ledger has not been disturbed by the process of closing, as in [illegible] amount has been entered in red ink [illegible] corresponding amount has been recorded [illegible] of the same account or else transferred to the opposite side of some other [illegible]

CAPITAL

[illegible]				[illegible]			
Oct.	[illegible] Present Worth*	[illegible]	61	Oct.	[illegible]	[illegible]	
					[illegible] Net Gain*	[illegible]	61
		[illegible]	[illegible]			[illegible]	61
				Nov.	[illegible] Present Worth	[illegible]	61

CASH

[illegible]				[illegible]			
Oct.		[illegible]		Oct.		[illegible]	
	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	75
	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	50
	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	25
	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	
					[illegible]	[illegible]	48
					[illegible] Resource*	[illegible]	98
		[illegible]	[illegible]			[illegible]	96
Nov.	[illegible] Resource	[illegible]	[illegible]				

[illegible] * [illegible]

EXPENSE

[illegible]						[illegible]			
Oct.			1	[illegible]		Oct.	31	Inventory *	[illegible]
	[illegible]		1	[illegible]	75		31	Loss *	[illegible]
	8		1	[illegible]	[illegible]				
	17		1	[illegible]					
				[illegible]	[illegible]				[illegible]
Nov.	1	Inventory		[illegible]					

MERCHANDISE

[illegible]						[illegible]			
Oct.	4		1	1075	25	Oct.	4		[illegible]
	12			[illegible]	48		6		[illegible]
	15		1	[illegible]	[illegible]		9		[illegible]
							17		[illegible]
	31	Gain *	2	[illegible]	[illegible]		27		[illegible]
							31	Inventory *	[illegible]
				1535	[illegible]				1535 [illegible]
Nov.	1	Inventory		1073	[illegible]				

BILLS PAYABLE

[illegible]						[illegible]			
Oct.	16		1	1075	25	Oct.	4		1075 25
	31	Liability *		100			28		100
				1175	25				1175 25
						Nov.	1	Liability	[illegible]

Redunk: also [illegible] [illegible] Pen Effectings

E. H. STEWART, O[illegible]

Oct	16	[illegible]	[illegible]	80	Oct	[illegible]	[illegible]
						[illegible]	[illegible]
						[illegible] Res[illegible]	[illegible]
			[illegible]	[illegible]			[illegible]
Nov	[illegible]	Res[illegible]	[illegible]	[illegible]			

BILLS RECEIVABLE

Oct	[illegible]	[illegible]	150		Oct	[illegible]	[illegible]
			[illegible]	[illegible]		[illegible] Res[illegible]	[illegible]
			[illegible]	[illegible]			[illegible]
Nov	[illegible]	Res[illegible]	[illegible]	[illegible]			

M. S. ARMSTRONG & CO

Oct	20	[illegible]	125	48	Oct	[illegible]	[illegible]
	[illegible]		[illegible]				
	[illegible]		[illegible]				
			[illegible]	[illegible]			[illegible]
					Nov	[illegible]	[illegible]

DISCOUNT

Oct	[illegible]	[illegible]	[illegible]	[illegible]	Oct	[illegible] Loss [illegible]	[illegible]
			[illegible]				[illegible]

LOSS & GAIN

[illegible]									
[illegible]	Expense	[illegible]	[illegible]	[illegible]	Out	[illegible]	Mdse	[illegible]	[illegible]
[illegible]	Discount	[illegible]	[illegible]	[illegible]					
[illegible]	Capital	[illegible]	[illegible]	[illegible]					
			[illegible]	[illegible]					[illegible]

TABLE OF SUMMARIES

[illegible] following accounts showing Resources and Liabilities [illegible] Loss & Gain by the greater or lesser difference is a GAIN.

D.		Cr.
[illegible] Cash	Merchandise	Sold or Produced
[illegible] Cash	Real Estate.	Sold or Produced
[illegible]	Expense	Produced
[illegible]	Interest and Discount.	Produced

[illegible] following accounts showing excess shows a Resource, [illegible] excess shows a Liability.

[illegible]	Cash.	Paid
[illegible]	Bills Receivable.	Disposed of
[illegible]	Bills Payable.	Issued
[illegible]	Persons.	We owe.
[illegible]	Capital.	Resources [illegible] business

QUESTIONS

(66-67) Define Interest. (68-69) When is Interest and Discount account debited? When credited? [illegible] what will the difference show? (71) Draw up a note in favor of Hume and Carson for $25.18 at [illegible] signed by W. H. King. (72) What will King call this paper? (73-74) When is Bills Payable [illegible] debited? When credited? (75) What will the difference in Bills Payable always represent? [illegible] Draw a note for $42.25 in favor of G. W. Hart at 10 days, sign it "A. L. Dewar", what is this [illegible] called by Hart? (77-78) When is Bills Receivable account debited and credited? (79) On which [illegible] Bills Receivable will an entry first appear? (80) What will the difference be called? (81) Give [illegible] difference between Losses and Gains when gains are the larger. (82) What is the differ- [illegible] between the Liabilities and Resources called? (83) How often are the accounts showing [illegible] and Gains usually closed? (84) Into what account are they closed? (85) Why are not the [illegible] showing Resources and Liabilities closed each year? (86) What is usually done with an [illegible] whose sides are equal? (87) What name is given the difference between the sides of Cash? [illegible] What do you expect the difference between the sides of Expense account to show? (89) What [illegible] Merchandise account likely show after the Inventory has been included with the sales? (90) Into [illegible] is Loss and Gain account closed? (91) What will Capital account show at the close [illegible] year after the Loss and Gain account has been brought in? (92) Does the closing of the [illegible] account usually equalize?

BUSINESS TRANSACTIONS FOR JANUARY

[illegible]

[illegible]

[illegible]

INVENTORIES

Copy these Inventories into your Journal-Day-Book.

Mdse. [illegible]

	85	yds	Gingham	at	[illegible]	305	yds	W. Cotton	at [illegible]
	227	"	Print	"	8	30	"	C. Tweed	" 75
	[illegible]	"	F. Linen	"	45	[illegible]	"	F. Satin	" 37
	[illegible]	"	Cashmere	"	55			Total	

Expense: Office books and supplies $15.

Rule and foot the Journal-Day-Book and have work approved preparatory to posting.

POSTING.

[illegible]

[illegible]

[illegible]

[illegible] Journal-Day-Book to the Ledger. Should [illegible]

TRIAL BALANCE

[illegible] Trial Balance form as below ". [illegible] Wallis. Rule his account at once. You will be expected to do this [illegible] Do not wait until the end of the month. [illegible]

TRIAL BALANCE, JANUARY 31ST, 19[illegible]

L. F.					
[illegible]	Capital			2500	
[illegible]	Cash	2085	24	680	45
[illegible]	D. Hoskins	75	00	103	20
	Merchandise	380	25	204	43
	C. R. McCullough	80	02	161	85
	A. Blanchard	98	32	20	58
	Expense	111	50		
	J. W. Westervelt	128	03	42	[illegible]
		3480	[illegible]	3480	[illegible]

A Trial Balance is not an absolute test of the correctness of your work. You may have made mistakes in calculating, [illegible] journalizing, or omitted an entire entry and your trial balance would nevertheless balance.

ERRORS IN TRIAL BALANCES

If the debits and credits of the Trial Balance upon the first trial are not equal, do not become discouraged, for a *systematic* search will always locate the error.

Much time is spent in searching for the mistakes which, when found, give evidence of the fact that it was not a lack of knowledge but rather lack of care in performing the work which occasioned the trouble. Poorly made figures and the neglect to keep units under units and tens under tens, [illegible] occasion many mistakes. Knowing this to be a fact, the student must be careful and accurate, cultivating also the habit of neatness in all clerical work.

The following [illegible] suggestions may prove of use when the Trial Balance does not balance:

1. An error of only a few cents might be found in Interest or Discount, or in the omission of the cents in posting some amount. If the amount out of balance is exactly $1.00, $10.00, $100.00, etc.,

[illegible] the error may be [illegible] which [illegible]

[illegible]

[illegible] Ledger [illegible]

[illegible] to the Trial [illegible]

[illegible] brought down below the [illegible]

[illegible] the amount exam- [illegible]

[illegible] as a simple exam- [illegible] have been examined [illegible]

CORRECTION OF ERRORS

[illegible]

STATEMENTS OF THE LOSSES AND GAINS AND RESOURCES AND LIABILITIES

[illegible]

STATEMENT OF LOSSES AND GAINS ON JANUARY [illegible]

			Loss	Gain
Mus	[illegible]	[illegible]		
	[illegible]	[illegible]		
	[illegible]	[illegible]		
	[illegible]	[illegible]		
	[illegible]			[illegible]
Expense	[illegible]	[illegible]		
	[illegible]	[illegible]		
	Loss		[illegible]	
	[illegible] Net Loss			[illegible]
			[illegible]	[illegible]
Capital	[illegible]	[illegible]		
	[illegible]	[illegible]		
	[illegible] Worth	[illegible]		

STATEMENT OF RESOURCES AND LIABILITIES

			Resources	Liabilities
[illegible]	Amount received	[illegible]		
	" paid out	[illegible]		
	Balance on hand		[illegible]	
[illegible] Hessons	Cr. side, our indebtedness to him	[illegible]		
	Dr. side, his indebtedness to us	[illegible]		
	Difference we owe him			28 [illegible]
[illegible] R. McCullough	Cr. side, our indebtedness to him	101.85		
	Dr. side, his indebtedness to us	[illegible]		
	Difference we owe him			[illegible]
[illegible]	Dr. side, his indebtedness to us	98 [illegible]		
	Cr. side, our indebtedness to him	20.58		
	Difference he owes		71 [illegible]	
[illegible] W. Westervelt	Dr. side, his indebtedness to us	128 [illegible]		
	Cr. side, our indebtedness to him	[illegible]		
	Difference he owes		8[illegible] 57	
[illegible]	Inventory		178 8[illegible]	
[illegible]	Inventory		[illegible]	
	Difference between Resources and Liabilities (Present Worth)			2457 5[illegible]
			2509 [illegible]	2509 73

Do not close any of the accounts in your ledger excepting those that may balance.

QUESTIONS

[illegible] When taking a Trial Balance what is done with an account the sides of which are equal? [illegible] How would errors in calculating and summarizing, or errors caused by omissions, affect a Trial Balance? [illegible] If your Trial Balance does not prove, what steps would you take to find the error? [illegible] Supposing the work of posting has to be reviewed, what would you do to make sure that all [illegible] have been examined? [illegible] When errors have been found, how would you correct them? [illegible] What does the difference between the Resources and Liabilities show?

BUSINESS TRANSACTIONS FOR FEBRUARY

Head Accountant's Day-Book as of January

LEAP YEAR, FEBRUARY 1, [illegible]

1 Bought of W. J. Carter, Woodstock, Ont., on account, 143 yds. Gingham at 12½c., 135 yds. Print at 7½c., 125 yds. F. Satin at 95c. (Bank calculations, if the fraction is one-half or more, add another cent; if less than one-half cent, discard it.) Total purchase, $110.70.

1 Sold W. Brooks, Sarnia, Ont., on account, 87 yds. Print at 10c., 135 yds. W. Cotton at 10½c., 35 yds. F. Satin at 30c. Total sale, $[illegible]

1 Bought of D. Hoskins, Toronto, Ont., on account, 235 yds. Ticking at 20c., 175½ yds. Cashmere at 35c. Total purchase, $[illegible]

3 Paid C. R. McCullough, $35.00, cash on account.

5 Sold J. W. Westervelt, London, Ont., 50 yds. Ticking at 20c., 48 yds. Cashmere at 44c., [illegible] W. Cotton at 7c. Total sale, $34.57. Received cash on the sale $24.57. Balance on account. Charge Dr. purchase for $30 and cash for $24.57. Credit Mdse. $54.57 or charge purchase for $54.57, crediting Mdse. for same sum, then debit cash and credit purchase for $24.57.

7 Paid Water and Gas rates in cash, $19.50.

9 Received from A. Bancard, cash $55.25.

10 Bought of A. Wise & Co., Petrolia, Ont., 125 yds. C. Tweed at 90c., 138 yds. F. Linen at 33c., [illegible] W. Cotton at 8c. Total purchase, $[illegible] Paid cash on the purchase, $75.20. Sold for [illegible] to [illegible]

12 Sold George Belton, Tweedsdale, Ont., on his note at 5 days, 35 yds. Gingham at 15c., 75 yds. Cashmere at 95c., 87 yds. F. Linen at 53c. Total sale, $101.01.

13 Bought of S. F. Willis, Ottawa, Ont., on my 10-day note, 115 yds. F. Satin at 3[illegible], 113 yds. Gingham at 9c., 98 yds. Cashmere at 35c. Total purchase, $[illegible]

13 Paid rent of store for one month, $50.00, cash.

*16 Gave W. J. Clare my note at 31 days for $75.00 with interest at the legal rate.

16 Bought of C. R. McCullough, Hamilton, 123 yds. Print at 7½c., 90 yds. C. Tweed at 75c., 135 yds. W. Cotton at 5c. Total purchase, $97.74. Paid cash on above, $35.74. Balance on account.

19 Sold W. Brooks, Sarnia, 85 yds. Ticking at 27c., 97 yds. Print at 9c., 37 yds. F. Linen at 42c., 83 yds. W. Cotton at 10c. Total sale, $[illegible] Received cash on above sale, $25.00. Balance on account.

20 Received $[illegible], from George Belton for his note of the 12th due to-day.

22 Paid D. Hoskins cash, $82.30, on account.

23 Sold James Hunter, for cash, 110 yds. Tweed at 85c.

24 Bought of J. L. Duncan, on my 30-day note, with interest, 70 yds. Gingham at 12½c., 110 yds. Linen at 45c. Total purchase, $[illegible].70.

25 Received from J. W. Westervelt, on account, his note at 15 days with interest, $110.27.

27 Paid clerk $25.00, cash, in full for salary.

28 Paid S. F. Willis cash, $71.07, for my note of the 13th inst. due to-day.

*NOTE. — Unless otherwise specified, interest will be reckoned at 5% per annum, the legal rate in Ontario. No matter what [illegible] 30 days or a month, the number of days is [illegible].

INVENTORY

Mdse: Per stock sheets, $784.03

After entering the foregoing transactions in your Journal-Day-Book, and before proceeding to [illegible], draw on foolscap paper the notes received and issued during the month, on the following [illegible] 12, 15, 16, 24, 25. (See form of note on page 23.) Have teacher approve Journal-Day-Book and the five notes. Rule and foot your Journal-Day-Book.

POSTING.

[illegible] transactions for February being a continuation of the work of January the same ledger [illegible] will be used. Commence your posting upon the first vacant line in each account following [illegible] transaction in January. Give Bills Receivable and Bills Payable one-half page each and any [illegible] accounts one-quarter page.

TRIAL BALANCE.

After completing the posting add in small lead pencil figures the work of February to the [illegible] pencil footings, and carry the results to the trial balance sheet, afterwards make a statement [illegible] Losses and Gains and Resources and Liabilities. Gain on the two [illegible] trading, $[illegible].

Rule off any accounts that balance.

The differences of the Ledger Accounts are as follows: Credits larger: Capital, $2,500; D. Hoskins, $92.36; C. R. McCullough, $47.93; W. J. Chave, $35.76; A. Wilson & Co., $87; Bills Payable, [illegible].

Debits larger: Cash, $2,101; Mdse., $301.71; W. Brooks, $71.28; Bills Receivable, $[illegible]; A. Blanchard, $16.40; Expense, $203.

LOSS AND GAIN ACCOUNTS CLOSED.

Following the last account in your Ledger open an account for Loss and Gain (leaving [illegible] quarter of page for it), to which the gain on Merchandise and loss on Expense are to be carried. [illegible] account is closed into Capital.

MERCHANDISE.

Place the Inventory on the credit side in red ink, add to the sales and record the difference upon [illegible] smaller side, also in red ink. Rule and foot and transfer the Inventory below the ruling and [illegible] Gain to the Loss and Gain account. Remember to place the folio.

EXPENSE.

To balance the account place upon the smaller side, in red ink, the loss for the period. Rule, [illegible] and transfer the Loss to the proper side of the Loss and Gain account.

LOSS AND GAIN.

This account now exhibits on the left side the losses and on the right the gains. To close, place [illegible] difference upon the smaller side in red ink. Rule, foot and transfer it to Capital Account.

CAPITAL.

The net gain having been brought into this account, it will now show the Present Worth. To balance it place the difference, in red ink, upon the smaller side. Rule, foot and transfer the Present Worth below the ruling upon the opposite side, which sum will represent your Capital to begin March.

The loss and gain accounts, in business, are usually closed but once a year, therefore March may be considered as the beginning of a business year.

TRIAL BALANCE

Example No.

	Dr.		Cr.	
Cash	[illegible]	[illegible]	[illegible]	[illegible]
Merchandise	[illegible]	[illegible]	[illegible]	[illegible]
Bills Receivable	[illegible]	[illegible]	[illegible]	[illegible]
Bills Payable	[illegible]	[illegible]	[illegible]	[illegible]
Real Estate	[illegible]	[illegible]		
Interest and Discount	47	52		
R. S. Lightbourn	[illegible]	[illegible]	789	80
Raw Nickels	123	[illegible]	75	[illegible]
Expense	150	84		
W. H. Kingwell			[illegible]	[illegible]
W. F. Betts			[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

Resources Inventories: Merchandise unsold valued at [illegible]
Real Estate unsold valued at [illegible]
Interest due on Bills Receivable 71 [illegible]

STATEMENT OF LOSSES AND GAINS

				Loss		Gain	
Mdse.	Cr. Proceeds of merchandise sold	[illegible]					
	" Unsold	[illegible]	[illegible]				
	Dr. Cost		[illegible]				
	Gain					[illegible]	[illegible]
Real Estate	Dr. Cost	[illegible]					
	Value unsold	[illegible]					
	Loss			[illegible]	[illegible]		
Int. and Dis.	Cr. Int. on Bills Receivable	71 [illegible]					
	Dr. Cost	47 52					
	Gain					23	68
Expense	Dr. Outlay			[illegible]	84		
	Dr. Excess of Net Gain						
	W. H. Kingwell's net Gain	[illegible]					
	W. F. Betts " "	[illegible]		380	05		
W. H. Kingwell, His Net Investment		[illegible]		931	40	931	40
	" Gain	[illegible]					
	" Present Worth		[illegible]				
W. F. Betts, His Net Investment		[illegible]					
	" " Gain	[illegible]					
	" Present Worth		[illegible]				
Present Worth of Business			2080 05				

STATEMENT OF ASSETS AND LIABILITIES

			Assets	Liab
Cash	Dr. Amount received	3001 80		
	Cr. Amount paid out	1500 00		
	Balance on hand		1701 80	
Mdse	Amount on hand valued at		300 00	
Real Estate	" " "		1400 00	
Interest	Accumulated on Bills Receivable		71 20	
Bills Receivable	Dr. Others' Notes received	2000 00		
" "	Cr. Others' Notes disposed of	1200 00		
	Balance on hand		800 00	
Bills Payable	Cr. Our Notes issued	1800 00		
" "	Dr. Our Notes retired	840 00		
	Notes outstanding			950 40
R. S. Lightheart	Cr. Our indebtedness to him	780 54		
" "	Dr. His indebtedness to us	300 54		
	Balance due to him			470 95
Rice Nichols	Dr. His indebtedness to us	123 00		
" "	Cr. Our indebtedness to him	75 00		
	Balance due us		48 00	
	Difference between Assets and Liabilities or Present Worth of Business			2080 95
			4411 00	4411 00

Difference between Assets and Liabilities or Present Worth of the Business, 2080.95.

W. H. Kingwell	Investment	1300 00	
	His share of Gain	190 32	
	His Present Worth		1490 32
W. E. Betts	Investment	1300 00	
	His share of Gain	190 33	
	His Present Worth		1490 33
	Present Worth of Business		2080 95

TRIAL BALANCE

Exercise No. [illegible]

The Statements [illegible] Statement of Losses and Gains and the Resources and Liabilities [illegible] Exercise.

	D		C	
Cash	[illegible]	[illegible]	[illegible]	[illegible]
Merchandise [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bills Receivable	[illegible]	[illegible]	[illegible]	[illegible]
Bills Payable	[illegible]	[illegible]	[illegible]	[illegible]
Real Estate [illegible]	[illegible]	[illegible]		
Interest Discount Bills Payable [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bills Receivable	[illegible]	[illegible]	[illegible]	[illegible]
C. P. W.	[illegible]	[illegible]	[illegible]	[illegible]
Stock [illegible]	[illegible]	[illegible]		
E. L. R.			[illegible]	[illegible]
Cash Mdse.	[illegible]	[illegible]	[illegible]	[illegible]
Wages	[illegible]	[illegible]		
Expenses	[illegible]	[illegible]		
Eq. Hardware Partners			[illegible]	[illegible]
W. J. M. [illegible]			[illegible]	[illegible]
Net Gain [illegible]				
	[illegible]	[illegible]	[illegible]	[illegible]

TRIAL BALANCE

Exercise No. [illegible]

	D		C	
Cash	[illegible]	[illegible]		
Bills Receivable	[illegible]	[illegible]		
Merchandise [illegible]	[illegible]	[illegible]		
Real Estate			78	50
John L. Archer	30	50		
Chas. Davis	43	[illegible]		
W. B. Lewis			100	00
Bills Receivable	64	[illegible]		
W. S. M. L.			[illegible]	25
Bills Payable			746	13
Dominion Bank Stock [illegible]	[illegible]	00		
Chas. Carter			[illegible]	24
W. J. Webster			30	00
Wages	157	[illegible]		
Commission			57	50
Transportation	84	[illegible]		
Expense	75	[illegible]		
W. G. Dingwall Partner			1,[illegible]8	00
E. L. Barr Partner			1,138	00
Net Gain [illegible]				
	11,222	50	11,222	50

BUSINESS TRANSACTIONS FOR MARCH

Do not forget to put the location and date at the top of your Journal-Day Book.

1. Sold J. F. Howard, Berlin, on his twenty-day note with interest at 6 per cent., 128 yds. Gingham at 12c., 137 yds. Print at 10c., 115 yds. T. Linen at 55c. Total sale $92.31.

2. Paid D. Hoskins $[illegible] cash in full of account.

3. Gave C. R. McCullough my note at 90 days for $47.93 to balance his account.

4. Bought of A. C. McPhail, Galt, 250 yds. Print at 8c., 175 yds. Cashmere at 55c., 68 yds. Tweed at 60c. Gave note at sixty days for $100.00. Balance on account.

5. Received from W. Brooks $5[illegible] cash on account.

6. Purchased letter press for office paying cash $7.50.

7. Sold J. H. W. York, Meaford, [illegible] yds. Cashmere at [illegible], 113 yds. W. Cotton at 7c., 70 yds. F. Satin at [illegible]. Received cash on above sale, $[illegible]. Balance on account.

8. Bought a fire proof safe from Goldie & McCulloch, Galt, for $[illegible] on my note, at three months with interest.

8. Sold W. E. Potts, Dorchester, [illegible] yds. Gingham at 14c., 92 yds. W. Cotton at 12c., 127 yds. Tweed at 75c. Received note at ten days for $64.51. Cash for balance.

9. Received cash from A. Blanchard in full of account.

10. Bought of S. T. Willis, Ottawa, Ont., 65 yds. of F. Satin at 65c., 112 yds. W. Cotton at 8c., 135 yds. T. Linen at 45c. Total purchase, $[illegible]. Paid cash on above $67.50. Balance on account, $44.50.

11. Paid my note of February 16th, favor of W. J. Chave in cash. Face of note, $75.00. Interest for 24 days, 25c.

12. Returned to S. T. Willis, Ottawa, 1 piece of T. Linen, damaged, 45 yds. at 45c.

13. Sold J. W. Westervelt, London, on account, 126 yds. Cashmere at 42c., 118 yds. Print at 11c., 90 yds. T. Linen at 50c. Total sale $119.66.

14. Sold A. G. Munro, for cash, 44 yds. Gingham at 18c., 116 yds. Print at 9c.; 37 yds. C. Tweed at 73c. Total sale, $45.40.

15. Received cash, $116.27 from J. W. Westervelt, for his note of February 25th, due to-day.

15. Bought of C. R. McCullough, Hamilton, Ont., 125 yds. W. Cotton at 8c., 112 yds. C. Tweed at 60c., 137 yds. Gingham at 12c., 122 yds. T. Linen at 45c. Gave in part settlement cash, $5[illegible]. Note at thirty days for $67.50. Balance to remain on account, $3[illegible].

16. Paid A. Wilson & Co., cash, $47.50 on account.

17. Received from J. H. W. York, to balance his account, Cash $10.00, and Note at sixty days $63.15.

17. Sold W. Brooks, Sarnia, 175 yds. F. Satin at 80c., 87 yds. W. Cotton at 8c., 126 yds. Gingham at 12c., 142 yds. Print at 11c. Received in part payment cash, $35.25. Note at sixty days, $123.50. Balance to remain on account, $18.95.

17. Prepaid note in favor of C. R. McCullough given on the 2nd inst. Face of note, $47.93. Discount at 7 per cent. for 78 days, 72c. Cash paid, $47.21.

17. Paid rent for one month in cash, $50.00.

19. Bought of D. Hoskins, Toronto, for cash, 65 yds. F. Satin at 32c., 76 yds. Cashmere at 35c., 87 yds. Print at 7½c. Total purchase, $53.03.

20. Received cash, $65.75, from J. W. Westervelt on account.

21. Received from W. E. Potts, cash $64.51, for his note of the 8th inst.

[illegible] on account, [illegible] yds. Cashmere at [illegible], [illegible] yds. [illegible]

[illegible]

23 Paid A. C. McPhail [illegible] on account.

24 Rec[illegible] from J. E. Howard for his note of the 1st inst. with interest. Face of [illegible] Interest for 23 days [illegible]

Bought from A. Wilson & Co., Petrolia, 108½ yds. W. Cotton at 5c.; 70 yds. F. Satin at [illegible] [illegible] Balance [illegible] to remain on [illegible]

[illegible] A. C. McPhail, given on the 3rd inst. Face of note [illegible], discount [illegible] days, [illegible] Cash paid [illegible]

[illegible] to date in cash [illegible]

[illegible] favor of J. L. Duncan in cash. Face of note, $61.70. Interest to [illegible] days [illegible] Cash paid, [illegible]

INVENTORIES

Mdse., as per stock sheets ..... $657[illegible]

Expense, office safe [illegible] [illegible]

POSTING, MARCH

Use the same Ledger headings as in January and February. [illegible] new accounts on quarter page.

MARCH TRIAL BALANCE

Add the March posting to the February pencil footings, except where double red lines bar [illegible] Make a statement of the Losses and Gains and Resources and Liabilities. Gain for month, [illegible]

The differences of the [illegible] are as follows:

CREDITS LARGER.—Capital, $2,680.32; Bills Pay., $202.50; C. R. McCullough, $31.02; S. T. Wil[illegible], A. C. McPhail, $29.55; A. Wilson & Co., $80.50; W. J. Chave, [illegible]

DEBITS LARGER.—Cash, $2,125.46; Mdse., $461.40; Bills Rec., $63.15; A. Blanchard, $140.98; Expense, $307.50; J. W. We[illegible]rvelt, $53.91; W. Brooks, $40.23; Dis[illegible]

CLOSING MARCH LEDGER.

[illegible]

Close in red ink the accounts showing Loss and Gain into the Loss and Gain account and close the Loss and Gain account into Capital, which account will then show the Present Worth.

[illegible] closed [illegible] the difference [illegible] together with the word "Resources" or "Liability" as the account may show. [illegible] Ledger bring down the Resources and Liabilities in [illegible] opposite side to preserve the equality of the Ledger.

APRIL AND MAY

BUYING LISTS	1	2.	3.	4.	5.	6.	7.	8.	9.	10.
Boys' Buff Balmorals Bals.	.87	.92	.83	.83	.80	.87	.92	.87	.80	.87½
Boys' Grain "	.92	.83	.87	.92	.96	.80	.83⅓	.92	.87½	.96
Men's Box Calf "	1.87	1.83	1.92	1.87	1.96	1.92	1.83	1.87	1.80	1.92
Men's Dongola "	2.10	2.00	2.05	2.10	2.00	2.05	2.00	2.10	2.05	2.00
Men's French Kip Bluchers.	1.87	2.10	.67	1.87	2.10	1.91	1.83⅓	1.87½	1.80	1.87½
Men's Stoga Boots	2.50	2.38	.92	.96	2.45	2.42	2.50	2.38	2.45	2.33⅓
Misses' Glove Grain Balmls.	.87	.83	.92	.96	.83⅓	.87½	.92	.96	.87½	.83⅓
Women's Dongola Button	1.45	1.21	1.37	1.45	1.33	1.21	1.37	1.45	1.21	1.33⅓
Women's Pebble Langtry	1.12	1.16	1.21	1.12	1.16⅔	1.25	1.12½	1.21	1.16⅔	1.25
Youths' Split Balmorals	.75	.80	.75	.75	.76	.78	.80	.83⅓	.75	.80
SELLING LISTS										
Boys' Buff Balmorals Bals.	1.05	1.10	1.00	.90	.95	1.05	1.10	1.05	.95	1.05
Boys' Grain "	1.10	1.00	1.05	1.10	1.15	.95	1.00	1.10	1.05	1.15
Men's Box Calf "	2.25	2.20	2.30	2.25	2.35	2.30	2.20	2.25	2.15	2.30
Men's Dongola "	2.50	2.40	2.45	2.50	2.55	2.45	2.40	2.50	2.45	2.55
Men's French Kip Bluchers.	2.25	2.50	2.00	2.25	2.50	2.30	2.20	2.25	2.15	2.25
Men's Stoga Boots	3.00	2.85	2.90	3.05	2.95	2.90	3.00	2.85	2.95	2.80
Misses' Glove Grain Balmls.	1.05	1.00	1.10	1.15	1.00	1.05	1.10	1.15	1.05	1.00
Women's Dongola Button	1.75	1.70	1.65	1.75	1.60	1.70	1.65	1.75	1.70	1.60
Women's Pebble Langtry	1.35	1.40	1.45	1.35	1.40	1.50	1.35	1.45	1.40	1.50
Youths' Split Balmorals	.90	.95	.90	1.00	.92	.94	.95	1.00	.90	.95

To the Student. You must apply to the teacher for your list number. To facilitate the work of extending the different purchases and sales it is suggested that you copy on foolscap the above list of Boots and Shoes, placing on the left your buying price and on the right your selling price.

[illegible]

12 Sold ... 18 prs. Men's French Kid ... 12 prs. Women's Polish'd Dongola [illegible]

12 Proprietor withdrew for private use, by cheque, $25.00.

13 Paid W. H. Taylor's bill for stationery and office books by cheque, $7.45.

[illegible]

POSTING, APRIL.

Your work in this respect being found correct, next proceed to post. In April new accounts to be opened. Do not use any of the March headings.

Give Cash, Merchandise and Bank each three-quarters of a page; Expense, Bills Receivable and Bills Payable each one-half page. Any other accounts one-quarter page.

After posting, take a trial balance and checking your results in the Ledger in small lead-pencil figures so that they will be ready for the month of May.

BUSINESS TRANSACTIONS FOR MAY.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

20 Paid [illegible] A. M. [illegible] April [illegible].

23 Bought of H. W. Campbell, [illegible], Ont., [illegible] Boys' Bal. Bals., [illegible] prs. Men's [illegible] Kip [illegible], [illegible] Men's Dongola B[illegible].

24 Had [illegible] made [illegible] and [illegible] by John [illegible] at a cost of [illegible], Credit [illegible].

25 Sold R[illegible], Ottawa, Ont., [illegible] prs. Boys' Grain Bals., [illegible] prs. Youths' Split B[illegible], [illegible] prs. Men's Dongola Bals., [illegible] prs. Women's Dongola Button.

26 Silas Stevens [illegible] cheque. Discount [illegible] [illegible].

27 Sold [illegible] Stuart, Dundas, Ont., [illegible] prs. Men's Stogas, [illegible] prs. Men's Box Calf, [illegible] prs. Men's Grain Gaiters [illegible]. Received [illegible] Balance settled by cheque.

27 Received cheque from Richard Lockhart to [illegible] balance to date.

29 Sold W. [illegible], Toronto, on account, [illegible] prs. Women's Pebble Lace, [illegible] prs. Women's Dongola Button, [illegible] prs. Men's Box Calf, [illegible] prs. Men's [illegible] Kip Bluchers.

30 Credit [illegible] salesman and shipping clerk each with a month's salary.

31 Paid my note of May 23 favor of H. W. Campbell by cheque.

31 Deposited cash [illegible] and Lockhart's cheque received the 27th.

INVENTORIES

Mdse.

[illegible]

Mdse.

[illegible]

Expense.

[illegible]

[illegible]

[illegible]

COLUMNAR BALANCE SHEET [illegible]

BALANCE SHEET MAY [illegible]

[illegible]	[illegible]	D	C	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]				
	[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]				[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Net Gain for year			[illegible]			
				[illegible]	[illegible]		
	Net Credit		[illegible]				
	Net Gain		[illegible]				
	Present Worth						[illegible]
						[illegible]	[illegible]

[illegible]

FORM OF SUMMARY WHEN THERE ARE PARTNERS.

	17[illegible]7.35	17[illegible]7.35	187	607	7494	2316
Students Net Gain			[illegible]			
* Partners Net Gain			[illegible]			
			607	607		
Students Net Credit		2150				
" Net Gain		255				
" Present Worth						2385
Partners Net Credit		2508				
" Net Gain		255				
" Present Worth						2763
* Red Ink					7494	7494

The balance sheet above shows in a condensed form the Resources, Liabilities, Losses and Gains of the business.

Use this form of Balance Sheet in preparing a statement for the April and May business.

Instructions For Preparing Columnar Balance Sheet.

First take out the balance of your ledger for the months of April and May. If found correct transfer the footings to the debit and credit columns of the balance sheet. After carrying the footings from the ledger to the balance sheet the next step will be to extend the differences to the Loss, Gain, Resource and Liability columns.

Capital although first on the sheet will not be extended until we have ascertained the gain or loss for the period.

Cash.

From the total receipts $7210.58, take the payments $[illegible]25.17, this leaves a balance of cash on hand amounting to $4185.[illegible], which is extended to the Resource column.

Merchandise.

Enter in the Resource column in red ink the value of the unsold goods, $1645.00 (Inventory). This amount has to be added to the sales, $3730.20, in order to show the total production of merchandise, from this sum deduct the purchases $4855.75 and extend the difference $520.35 to the Gain column of the balance sheet.

Expense.

Record in the Resource column in red ink the unsold property $300 (Inventory), belonging to this account. Compare this amount with the total cost $598.75, and extend the difference $298.75, to the Loss column.

Bills Receivable.

On the debit side will be found the total value of the bills received, $1800.50, subtract from this [illegible] the difference, $[illegible] to the Resource column.

Bills Payable.

From $3,008.75, the value of the notes issued, deduct $1,170, the amount redeemed, and extend the difference, $1,028.75, to the Liability column.

Norman Wright.

By comparing the credit footing, $327, the amount owing him, with the debit footing, $655.25, the amount he owes, the difference will be found to be $328.25, amount owing us which is carried to the Resource column.

Leslie Walker.

According to the trial balance we owe him $930 and he owes $500, the difference, $430, being in his favor is extended to the Liability column.

R. W. Morgan.

He is indebted to us to the extent of $175. There is due him $29, the difference, $146, being in our favor is extended to the Resource column.

H. W. Martin.

A comparison of the sides of this account shows that the sum of $142.50 is due Mr. Martin. This amount is carried to the Liability column.

Interest and Discount.

The debit side of this account shows that the use of money cost $5.80 and the credit side shows that it produced $4.01. The difference, $1.79, is placed in the Loss column.

E. Leonard.

The account represents a debt of $270 owing us which is extended into the Resource column.

P. H. Hartfield.

From $147.50, amount owing us, deduct $100, the amount owing him and carry the difference, $47.50, to the Resource column.

Net Gain and Present Worth.

Add the Loss, Gain, Resource and Liability columns placing the footings on a line with the footings of the trial balance. Subtract the footing of the Loss column $300.54, from the footing of the Gain column $526.35, and place the Net Gain, $225.81, in the Loss column in red ink writing before the amount in the ledger title column (also in red ink) Net Gain. Rule and foot the Loss and Gain columns.

The next step is to ascertain the Present Worth which is found by adding the Net Gain, $225.81, to the difference between the sides of the Capital account (Net Credit), $4,900, making a total of $5,125.81, which represents the amount owing proprietor by the business and is extended to the Liability column. By adding the Present Worth, $5,125.81, to the footing of the Liability column, $4,301.25, the Resource and Liability columns will balance.

Proof of Present Worth.

There are two methods of determining the Present Worth of the proprietor. (1) Deduct the Liabilities from the Resources. (2) Add the Net Gain to (if a Loss subtract from) the proprietor's Net Credit. The Present Worth as arrived at by these two methods must be the same before the work upon the Balance sheet can be considered complete. *If your trial balance proves, the Present Worth will show the same amount by both methods.* It does not however follow that the present worth is the true one, as errors in calculations, posting to wrong accounts and the omission of entries do not destroy the equilibrium of the trial balance.

Proof of Gain

The gain may be proved in two ways: (1) Subtract the Losses from the Gains; (2) Compare the Net Gain with the Capital account and the Present Worth as shown by the difference between the Resources and Liabilities at the close of the business year.

Closing Ledger

Present your Balance Sheet for approval, after which close all the accounts in the ledger and bring the Resources and Liabilities below the rulings. (See pages 20 to 28 for detailed instructions.)

You will observe that after including the inventories all accounts in which the *debit* side is the larger show a difference shown either as loss or as resources, and when the *credit* side is the larger the differences show either gain or liabilities. See table of summaries page 31.

The student is required to prove out Closing and Balance Sheets from the following Trial Balances.

Exercise No. 1.

Capital	5775	5	937	38
Real Estate	5000	00	500	00
E. H. Hogg	2080	25	1542	50
W. L. McMead	1947	50	1243	42
Colin Campbell	450	00	300	00
P. S. Keating	1333	50	1500	00
E. L. Ferguson	750	00	1075	25
Hamilton Bank	975	00	5379	08
Expense	600	00		
Wages	514	14	1295	33
Merchandise	6083	41	3885	51
Collection and Exchange	1	43		
Bills Payable	852	50	1132	30
Bills Receivable	887	50	300	00
W. G. Graham	587	50	881	25
Discount	14	71	16	85
Cash	6750	00	2313	51
	32800	38	32800	38

Inventories: Mdse. ..... $3308.00 Exp. ... $485.00
R. Estate ... 450.00 Net Gain 900.16

Exercise No. 2.

W. C. Zoellner, Partner			3240	37
H. Bogart, Partner			1000	00
Interest and Discount	1	05	19	30
Bills Receivable	7358	82	7098	82
M. R. Green			30	41
Expense	157	00		
W. C. Zoellner (Withdrawal account)	212	00		
Cash	2797	50	14841	74
Loss and Gain			575	53
H. Bogart (Withdrawal account)	125	00		
Mdse.	5435	74	4895	74
J. L. McRae	135	00	355	32
R. Neal & Co.	244	22	235	12
F. V. MacLean	518	37	20	00
Exchange		55		
A. B. Lewis & Co.	806	8	1013	94
Commission			1	00
M. Bogart & Co.	100	8		
Bank Discount	1000	7	1000	07
A. Cunningham	61	15		
	[illegible]	[illegible]	[illegible]	[illegible]

Inventories: Mdse. $4700.00 Exp. $[illegible]
Net Gain $[illegible] Zoellner [illegible], Bogart [illegible].

QUESTIONS.

What is the legal rate of interest in Canada? [100] Name some accounts which may [illegible] source inventory. [101] In closing the Ledger why are resources and liabilities brought [illegible] in black ink? [102] What as a Columnar Balance Sheet? [103] What do debit excesses show? What do credit excesses show?

JUNE.

BUYING LISTS.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
[illegible]ster	1.90	1.95	1.85	2.00	2.05	1.95	2.10	1.90	1.85	2.05
[illegible] Brussels	1.05	1.10	1.15	1.20	1.10	1.00	1.15	1.05	1.00	[illegible]
[illegible]	58	59½	57	60	55	56	58½	59	60	55
[illegible]am	70	75	66⅔	72	74	68	70	73	66⅔	62½
[illegible]cloth	37½	35	40	33⅓	38	37½	32	30	35	33
[illegible]estry	66⅔	65	70	62½	60	63	65	66⅔	62½	60
Wilton	2.00	2.05	2.15	2.10	2.00	2.05	2.15	2.10	2.20	2.12
SELLING LISTS										
Axminster	2.28	2.35	2.25	2.40	2.45	2.35	2.55	2.28	2.25	2.45
[illegible]dy Brussels	1.25	1.30	1.37½	1.45	1.30	1.20	1.37½	1.25	1.20	1.45
[illegible]tam	70	72	68	72	65	67	71	71	72	65
[illegible]eam	85	90	80	85	87½	80	85	87½	80	75
[illegible]cloth	45	42	48	40	45	45	37½	35	42	40
[illegible]estry	80	78	85	75	72	74	78	80	75	72
[illegible]ton	2.40	2.45	2.00	2.50	2.40	2.45	2.00	2.50	2.05	2.55

The Cash Book and Bill Book will be introduced in this month. The Cash Book to be used as [illegible]ok of original entry and the Bill Book simply as a memorandum.

Cash Book. When the transactions are recorded in the Cash Book as they occur, without pass-[illegible] the entry through an intermediate book, the Cash Book is then said to be one of original entry. [illegible] explanation applies to the Sales, Bill, Purchase or any other book when the transaction is [illegible]d directly in it and is posted from there to the Ledger.

Bill Book. The sole [illegible] object of this book as used in this month is to record the details [illegible]ding notes issued (B. Pay.) and received (B. Rec.). It will not be posted from hence it [illegible]ed an auxiliary to distinguish it from one of original entry.

Remember to add three days of grace when calculating the due date of notes and acceptances.

FORM OF OPENING ENTRY FOR JUNE

LOCATION, JUNE 1, 19[illegible]

L. F.							
C. B.	Cash		On Hand	3500	00		
15	Bills Rec.		Per B. B.	175	00		
8	H. Telfer		Owes on acct.	315	96		
		To Capital	Resources			3990	96
1	Capital		Liabilities	[illegible]	85		
17		To Bills Pay	Per B. B.			255	00
[illegible]		H. F. Gardner	Due him on acct.			65	85

Note. [illegible]

There are two forms of Journal entries commonly used for opening a set of books, termed respectively, Gross and Net. The above is the Gross form, so called because the Capital Account is made to exhibit on the credit side the total Resources and on the debit side the total Liabilities, upon beginning business.

L. F.							
C. B.	Cash		On Hand	3500	00		
15	Bills Rec.		Per B. B.	175	00		
8	H. Telfer		Owes on acct.	315	96		
17		To Bills Pay	Per B. B.			255	00
14		H. F. Gardner	Due him on acct.			65	85
1		Capital	Net amount invested			3670	11

This form is termed Net, because only the net Resources appear at the credit of the Capital Account.

BUSINESS TRANSACTIONS FOR JUNE.

Books to be used: Journal, Cash Book, Bill Book and Ledger.

(Student) commenced the Capital Business [illegible] following Resources and Liabilities.

Cash $3500.00. Note made by Howard Adams, dated May 15, at [illegible] days for $175.00, payable at the Molsons Bank, city; Herbert Telfer, Colliingwood, Ont., owes on account $315.96. There is due Murray Gibson $225.00 on a [illegible] note, dated Apr. 10, payable at office; also H. F. Gardner, Woodstock, Ont., on account, $65.85.

See form of entry above.

Enter Bills in Bill Book and Cash in Cash Book. See forms on pages 54 and 57.

Bought of Curry and Allen, Ottawa, on account, 500 yds. Axminster, 150 yds. Linoleum, 400 yds. Tapestry, 750 yds. Ingrain. (J.)

Engaged Hartley Laycock as bookkeeper at $40.00 per month. (Memo.)

Rented premises No. 139 Wellington St. at a monthly rental of $45, paying one month's rent in advance in cash. (C. B.)

Sold G. M. Miller, Brockville, Ont., on account, 150 yds. Axminster, 100 yds. Tapestry, 250 yds. Ingrain. (J.)

Received cash $115.06 from Herbert Telfer on account. (C. B.)

Bought of Belton and Wood, Toronto, Ont., 350 yds. Body Brussels, 275 yds. Wilton, 450 yds. Oilcloth. Gave in part payment cash $200. Balance on account.

[illegible]

Paid H. F. Gardner cash in full of account. (C. B.)

Sold G. A. Thornton, Guelph, Ont., on account, 150 yds. Body Brussels, 125 yds. Wilton, 65 yds. Linoleum, 50 yds. Axminster. (J.)

Received cash $75.75 from G. M. Miller on account. (C. B.)

Procure $1000 insurance on stock. Paid premium of [illegible] in cash. (C. B.)

Bought of Millman and Foster, Hamilton, 250 yds. Axminster, 325 yds. Linoleum, 150 yds. Wilton, [illegible] yds. Tapestry. Gave note at 20 days, with interest, payable at office, in full of purchase. (J. & B.B.)

Sold Allen Kneal, Hespeler, Ont., for cash, 125 yds. Tapestry, 150 yds. Ingrain, 225 yds. Oilcloth, 115 yds. Linoleum. (C.B.)

Sold Norman Switzer, Streetsville, Ont., on his 30 day note, payable at Trader's Bank, Toronto, 160 yds. Axminster, 75 yds. Ingrain, 65 yds. Tapestry, 125 yds. Body Brussels. (J. & B.B.)

Paid Curry and Allen cash $250.00 on account. (C.B.)

Gave Belton and Wood on account a note for $175.00 at 30 days payable at office. (J. & B.B.)

Paid cash to Murray Gibson for my note of April 10th, maturing to-day. (C. B. & B.B.)

Sold E. G. Smiley, Newmarket, on account, 150 yds. Wilton, 125 yds. Oilcloth, 150 yds. Tapestry. (J.)

Received cash, $100.00 from H. Telfer on account. (C.B.)

E. G. Smiley claims [illegible] allowed overcharge of 5c. per yard on 125 yds. Oilcloth purchased on the 13th inst. (J.)

Bought of W. J. Ross and Co., Barrie, Ont., 175 yds. Tapestry, 225 yds. Oilcloth, 87 yds. Wilton, 225 yds. Body Brussels. Gave in payment, note at 2 months, payable at my office, with interest, for one half, cash for balance. (See instructions under June 3rd.)

Received cash from Howard Adams for his note of May 15, maturing to-day. (C.B.) (For amount of note see B.B.)

Sold Holman and Harris, Aylmer, Ont., 125 yds. Ingrain, 87 Axminster, 165 yds. Linoleum, 75 yds. Wilton. Received cash for one half. Balance on account. (J. & C.B.)

Proprietor withdrew for private use, $35.00 cash. (C.B.)

Received cash in full of account, from G. M. Miller. (C.B.)

Dr. CASH

Receipts

19 June	[illegible]		Capital	Investment	[illegible]		
	[illegible]	4	H. Telfer	On account	[illegible]	15	
	[illegible]	6	G. M. Miller	On account	52	25	
	8	5	Mdse.	Sold A. Kneal, Hespler	350		
	15	4	H. Telfer	On account	[illegible]		
	17	4	Bills Rec.	H. Adams' note, No. 1	105	[illegible]	
	18	7	Holman & Harris	On invoice of to-day	278	[illegible]	
	[illegible]	6	G. M. Miller	On account	408	30	
	27	5	Mdse.	Sold C. D. Burt, Ingersoll	317	95	
	[illegible]	7	Holman & Harris	On account	[illegible]	17	
							4501 30
							4501 30
July	1		Balance	Cash on hand			1338 [illegible]

Purpose of the Cash Book:

The purpose of the Cash Book is to give a systematic and connected record of receipts and payments, so that the balance of cash on hand may be readily ascertained without posting. Its [illegible] shortens the bookkeeper's work both at the time of making the original record and subsequently when he comes to post.

How to read the Cash Book:

[illegible] Cash Book [illegible] received. When you examine the [illegible] Cash Book [illegible] words, "Cash To" in front of [illegible]

Cash To Capital
Cash To H. Telfer
Cash To G. M. Miller

CONTRA

Disbursements

19 June	[illegible]	8	Expense	Rent for June	27	5		
	3	6	Belton & Wood	On invoice of to-day	175			
	4	5	H. F. Gardner	In full of acct.	85	20		
	6	8	Expense	Insurance premium	7	25		
	[illegible]	6	Curry & Allen	On account	175			
	12	5	Bills Payable	M. Gibson's note No. 1	200			
	16	7	W. J. Ross & Co.	Balance on invoice of to-day	398	25		
	19	8	Withdrawal Account	Private use	50			
	25	6	Belton & Wood	In full of account	692	18		
	29	5	Bills Pay.	Millman & Foster's note No. 2	1215	00		
	29	8	Interest	On above	3	83		
	30	8	Expense	Bookkeeper's salary	65			
							3163	30
	[illegible]		Balance *	Cash on hand			1338	09
							4501	39

[illegible]

You will notice that each side of the Cash Book is in effect a Journal, that on the debit side you see only one-half of a Journal entry, namely, the credit half, cash being understood to be there but omitted to shorten the work. What has been said of the debit side applies equally well to the credit. Always read on the credit side the entry as it appears in the Cash Book followed by the words "To Cash." For example:

Expense To Cash
Belton & Wood To Cash
H. F. Gardner To Cash

By omitting the bracketed words in above we see one-half of a Journal entry, namely, the debit half.

How to Post from the Cash Book:

It follows from what has been already stated regarding the Cash Book that all items on the left side must be posted to the credit side of the ledger. All items on the right side of the Cash Book must be posted to the debit side of the ledger.

A cash account may be opened in the ledger and debited with the total amount of cash received, and credited with the total amount paid, thus completing the debits and credits. Most bookkeepers omit the cash account from the ledger carrying the balance of cash on hand directly to the debit side of the trial balance.

20 Received [illegible] with interest [illegible] Bank of Commerce, Guelph, Ont., [illegible] (A B B)

24 Bought of R[illegible] and R[illegible], Montreal, Que., [illegible] yards Lustre, [illegible] yards Body Brussels, [illegible] yards Linoleum [illegible]

25 Paid Bills and Wood; cash [illegible] (C B)

27 Sold C. D. Bull, Lagrand, Ont., [illegible] Velvetteen, [illegible] yards Oilcloth [illegible] (C B)

29 Received Cash [illegible] and Hay [illegible] (C B)

30 Paid cash to Merchant and Lester [illegible] (Remember [illegible] interest bearing.)

30 Paid Bookkeeper [illegible] for [illegible] services

INVENTORIES

Merchandise	108 yards Velvetteen	575 yards Body Brussels.
	298 " Lustre	[illegible] " Linoleum
	214 " Oilcloth	432 " Lapestry
	160 " Wallpaper	

POSTING, JUNE

The work of [illegible] will open new accounts.

Give Merchandise [illegible] page; [illegible] accounts each [illegible] page. When posting [illegible] the explanation [illegible] Ledger [illegible] from which the item is taken. [illegible] Cash Book [illegible] (C B) [illegible] Journal [illegible]

After posting take a Trial Balance, compute a Journal statement in column form, and have [illegible] Net Gross checked [illegible] Ledger.

Rule [illegible] and [illegible] in the [illegible] column form and [illegible] the [illegible] along with [illegible]

EXERCISE 1

Student [illegible] May [illegible] following resources and liabilities: Cash [illegible] Notes [illegible] at Gross Dentists, dated [illegible] 60 days, [illegible] interest [illegible] 30 days. Merchandise, [illegible] Due P. H. Dey [illegible] Dues Living [illegible] Notes [illegible] C. P. R. [illegible] discount [illegible]

EXERCISE

Student [illegible] Merchandise, [illegible] Real Estate [illegible] at [illegible] interest [illegible] months [illegible] Cash, [illegible] Notes [illegible] A. D. S. [illegible] 18 days [illegible]

QUESTIONS.

What do you understand by Book of Original Entry? What is the object in keeping the Bill Book? Auxiliary? What is meant by the term Auxiliary book? What is meant by the terms Gross and Net as applied to an opening entry? What purpose is served in keeping a Cash Book? How do you post from the Cash Book?

BILLS RECEIVABLE.

BILLS PAYABLE.

BILL BOOK AS A MEMO

BILL BOOK AS A PRINCIPAL BOOK

DRAFTS AND ORDERS

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

CLASSIFICATION OF ORDERS

Cheque :

[illegible]

Federation Bank

No. London, [illegible] 19

P[illegible] or order [illegible]

[illegible] Dollars

[illegible]

[illegible]

[illegible]

Bank Draft:

A bank's written order requesting [illegible] bank to pay the person named therein [illegible] sum [illegible] a Bank Draft or Bill of Exchange. Business men [illegible] employ Bank Drafts in making [illegible] of their [illegible]. It is a safe and convenient method of [illegible] debts [illegible] money. In addition to the [illegible] desire to remit, the bank will [illegible] Exchange [illegible] per cent.

Federation Bank.

$175.84. No. *29.* Hamilton, *Sep. 10,* 19

Pay to *James Henderson* or order *One Hundred and Seventy-five Dollars,* and charge to this Bank, with or without advice.

C. R. McCullough, MANAGER

To *Federation Bank,* *J. W. Westervelt, Jr.* ACCOUNTANT

Toronto, Ont.

HOW TO PURCHASE A BANK DRAFT

Percy Millman, of Hamilton, is indebted to James Henderson, of Toronto, this indebtedness he desires to cancel by Bank Draft. Stepping into the Federation Bank of Hamilton he fills in a requisition blank similar to the one shown.

SPECIFICATION OF CASH PAID TO TELLER

[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
	[illegible]		
[illegible]	[illegible]	20	
	16	[illegible]	
	20		
	100	100	
[illegible]			28
		176	28

Federation Bank

Hamilton, *Sep. 10,* 19

Wanted *a draft on Toronto* _____

In favor of *Jas. Henderson* for the sum of *One Hundred and Seventy-five* [illegible] Dollars.

No. *Par $175.84*

Exchange ¼ *per c.* $ [illegible]

Applicant, *Percy Millman* *$176.28*

The cheque on payment of the above draft may be drawn either

(1) To Millman's own order, he indorsing the same over to bank.

(2) To Draft on Toronto or bearer.

(3) To the order of the Federation Bank.

Or it may be paid for in cash as indicated by the requisition. Millman sends the draft to Henderson, who presents it to the Federation Bank for payment. Millman has settled his indebtedness to Henderson by means of this paper without transmitting the money.

Percy Millman might have authorized the Hamilton branch, in his requisition, to make the draft in his own favor. He would then by a full indorsement transfer it to Jas. Henderson. The effect is the same in either case.

Order for Goods.

[illegible]

[illegible] St. Catharines, Sept. [illegible]

[illegible]

C. H. Patterson.

[illegible] C. H. Patterson [illegible] Brass, [illegible] Drawer, and [illegible] orders is well [illegible] C. H. Patterson [illegible] and credits [illegible] Brass [illegible]

[illegible] C. H. [illegible] and credit Mdse. [illegible]

[illegible] C. H. Patterson.

Express Money Order:

Money Order SERIES A NUMBER 228965

When countersigned by Agent at point of issue

The Federation Express Company

AGREES TO TRANSMIT AND PAY

The sum of *Seventeen Dollars* ($17.10) to the order of *W. C. Gurd* at *Sarnia*

Remitter, *[illegible]* This Order is not payable "TO BEARER" in any event

Countersigned, *Sep. 21, 19[illegible]* *C. R. Sayer*, Agent at Galt, Ont.

[illegible]

[illegible] preceding order [illegible] The Galt Agent of the Federation Express Company, C. R. Sayer [illegible] which remittance is to be [illegible] and W. C. Gurd [illegible] is drawn is the payee. [illegible] Drawer [illegible] pays and issues these orders, and in rendering [illegible] Express Money Orders like Bank Drafts are [illegible] by persons desirous of making remittances to outside places at a minimum cost with a maximum security.

Post Office Money Orders:

MONEY ORDER

CANADA

No. 5987

West Lorne, Ontario.

Stamp of Issuing Office.

Name of Canadian Exchange Office, if order is drawn upon the United States.

Amount.

5

Pay to the Person mentioned in Advice

Five Dollars Cents

Stamp of Paying Office

Postmaster.

To the Post Office at

Received the amount of the above Order.

Signature

A Post Office Money Order is a request by a Post Office in which you purchase your order to the Post Office where the remittance is to be forwarded to pay to the party named therein or his order the sum specified. The Post Office issuing the order is the drawer, the Post Office upon which drawn is the drawee and the party in whose favor it is drawn is the payee.

Drafts.

Drafts may be drawn with reference to time either on demand, at sight, a certain number of days or months after sight, or a certain number of days or months after date. They may be drawn in favor of drawer or any person whom he names. Days of grace are allowed (unless otherwise provided) on all drafts except those payable on demand.

A Bill is payable on demand, which is expressed to be payable on demand, or on presentation, in which no time for payment is expressed.

Time drafts are made payable at a future time and are presented to the drawee for acceptance. Acceptance of a bill is the signification by the drawee of his assent to the order of the drawer, and is usually written on the face of the bill and signed by the drawee. The signature of the drawee without additional words is sufficient. It must not express that the drawee will perform his promise by any other means than the payment of money. If, in a bill, the drawee is wrongly designated, or his name is misspelt, he may accept the bill as therein described, adding if he think fit, his proper signature; or he may accept by his proper signature. Acceptance is either general or qualified. If accepted as drawn it is general, if changed it is qualified.

Drafts are accepted by writing across their face "Accepted" signed by the acceptor. If the draft is drawn at sight, or at a certain number of days after sight, the date of accepting should be included in the acceptance in order to fix the date of maturity. If the place of payment is not specified by the drawer the drawee should include it in his acceptance.

FORM OF DRAFT

Due *Aug. 9* London, *July 6*, 19

Thirty days after *sight* pay to the order of

Student 50

Sixty-two Dollars.

Value received and charge to the account of

To *H. L. Atkinson,*
Hamilton. *Student.*

**Accepted Jan. 7, payable at the Bank of Commerce here.*
H. L. Atkinson.

*This [illegible]

In the accompanying draft Student is requesting H. L. Atkinson to pay to Student's own order $62.50. Atkinson owes him this amount and from the writing across the face of draft you will observe that Atkinson agrees to the order of Student, or he is said to accept it. Suppose the Student is indebted to John Baker & Sons, Grimsby, he could transfer this acceptance by full indorsement to them. A draft in Bookkeeping is [illegible] treated as a bill until it is accepted.

Journal Entries for each party :

Student would not require to make a Journal entry until the paper was returned accepted by H. L. Atkinson [illegible]

When receiving it Student would debit Bills Receivable and credit H. L. Atkinson.

Atkinson would, upon accepting it, debit Student and credit Bills Payable.

John Baker & Sons would debit Bills Receivable and credit Student.

By substituting for the words "Thirty days after sight" the words, "——— days after date" or "At Sight" or "On Demand" or "On ———" stating [illegible] you will have almost every form of draft used in business.

The Primary Use of Drafts:

The primary object of the draft was to obviate the expense inconvenience and risk, incident to transmitting money from place to place.

Example.—Student living in Toronto, owes Jno. Baker & Sons, of Grimsby, and H. L. Atkinson, Hamilton, owes Student, of Toronto. To avoid transmitting to Grimsby by Student, and to Toronto, by Atkinson, Student draws a draft on Atkinson in favor of Jno. Baker & Sons. Upon acceptance of the draft by Jno. Baker & Sons they will present to H. L. Atkinson for payment. When the draft is paid the debt has been cancelled without any remittance.

The Modern Use of Drafts:

Drafts are now more generally used for making collections. A Wholesale House of Toronto sells a bill of goods to a customer in Wiarton on credit of 90 days. Wishing to obtain funds before the maturity of the account, he draws in advance upon his customer either to order of himself or his banker, and discounts it at the bank receiving credit for the proceeds. Sometimes the merchant draws a few days in advance of the maturity of the account and leaves it with the bank for collection. The bank then becomes the holder of the paper and presents it to the customer either for acceptance and payment, or for payment alone. This is an effectual method of making collections, as the acceptor, if the claim is a just one, is bound to pay the draft or suffer loss of credit through his paper going to protest.

Examples Exhibiting Journal-Day-Book-Entries in Discounting and Renewing Notes

Example 1.

Note discounted at bank, proceeds being placed at your credit. Bank account kept in the Ledger.

August 20, 19 .

Bank of Commerce	298	72		
Discount	1	28		
To Bills Receivable			[illegible]	[illegible]
Discounted H. T. Gough's note due Sept. 15. Disc't for 26 days. Proceeds credited.				

Example 2.

[illegible] bearing note discounted at bank. Bank account kept in the Ledger. Proceeds credited.

August 30, 19 .

Bank of Commerce	403	98		
Discount	2	27		
*To Interest			[illegible]	[illegible]
Bills Receivable			[illegible]	[illegible]
Discounted W. J. Osborne's note dated June 30, at 3 months, bearing 6 per cent. interest. Discount 34 days. Proceeds credited.				

*It is necessary to deduct to calculate the interest for the full time the note has to run, reduced to days, and [illegible] on the face of the bill plus the interest.

EXAMPLE 3.

We have made arrangements to renew an interest bearing note in favor of Arthur Day, which falls due to-day.

September 5, 19—

Bills Payable	200 00	
Interest	3 00	
To Cash		200 00
Bills Payable		203 00

Renewed our interest bearing note favor of A. Day, paying cash and giving a new note with interest for the balance.

EXAMPLE 4.

Kaulbach & Schurman gave us their note $350 some time since, which was discounted at our bank. K. & S. ask us to renew the paper which matures to-day. They send in settlement note at three months $150 and cash $203, which includes interest on the renewal.

September 10, 19—

Kaulbach & Schurman	350 00	
To Bank of Commerce		350 00

Retired K. & S.'s note due to-day.

Bills Receivable	150 00	
Cash	203 00	
To Kaulbach & Schurman		350 00
Interest		3 00

Received from Kaulbach & Schurman new note at 3 mos., and cash to settle balance due on old note and interest on the renewal.

EXAMPLE 5.

We hold a note against L. W. Wiggins due to-day. The paper is renewed, Mr. W. giving us payment a new note at one month for $50.28, which amount includes interest on the renewal, and $100 for the remainder.

September 15, 19—

Bills Receivable	50 28	
Cash	100 00	
To Bills Receivable		150 00
Interest		28

L. W. Wiggins renewed his note maturing to-day. Gave us payment a new note, which includes interest on the renewal and cash for remainder.

LOCATION, JULY 2, 19 -

		Dr.		Cr.		Mdse Sales.	
	Student commenced the Grain and Produce business with the following Assets and Liabilities:						
C. B.	Cash	1500					
B. B.	Bills Receivable	137	50				
5	Kaulbach & Schurman	150					
6	L. P. Barton	29	78				
10	To D. C. Cameron			78	15		
B. B.	Bills Payable			146	18		
1	Student			1502	95		
	3						
	Engaged R. W. Modeland as Bookkeeper and Steno. at $50 per month, and W. H. Ruttler as Shipping Clerk at a salary of $25 per month.						
	2						
17	Mdse	530					
12	To H. Williams			530			
	Bot. on acct. per invoice No. 1						
	4						
11	D. H. Thornton	100					
	To 100 bus. Wheat at 75c, $75						
	50 " Oats at 50c, 25					100	
	5						
10	S. E. Sinclair	136					
	To 100 doz. Eggs at 10c, $10						
	175 bus. Wheat at 72c, 126					136	
	Forward	2583	28	2347	28	236	

[illegible] Student. -Merchandise is to be credited for the total sales in one sum at the end of the month. Note carefully [illegible] of ruling, and carrying forward. Total by ruling a single red line across the three columns, write the word "Forward" before the footings, and carry the three amounts to the top of the next page, placing them in the columns to [illegible] they belong and writing before them the word "Forward."

Do not rule below the footings when they are to be forwarded, nor carry the work down too close to the bottom of the [illegible]. Be sure to carry forward the correct amounts, and place them in their proper columns.

LOCATION, JULY 5, 19

		Dr.		Cr.		Mdse Sales.	
	Forward	2583	28	2347	28	236	
10	D. C. Cameron	29	42				
5	Discount		36				
6	To L. P. Barton			29	78		
	Drew on Barton at 60 days and remitted same to Cameron to apply on acct. less disct.						
	9						
7	H. C. Murray	126	50				
	To 200 bus. Oats at 45c, $90						
	50 bus. Wheat at 73c, 36.50					126	50
		2739	56	2377	06	362	50
17	Mdse. Credit			362	50		
		2739	56	2739	56		

[illegible] post the Mdse Sales column. This would [illegible] at the end of each month.

Note. All rulings [illegible] in red ink.

JULY AND AUGUST

BUYING LISTS	1.	2.	3.	4	5	6.	7.	8	9	10.
Barley	62	60	61	65	62	63	62	59	64	65
Butter (creamery)	21	2[illegible]	23	22	[illegible]	[illegible]	[illegible]	[illegible]	21	23½
Cheese	12	1[illegible]	[illegible]	11	10	[illegible]	9½	12	10	11
Clover Seed	3.05	3.00	3.[illegible]5	3.25	3.33	3.37	3.1[illegible]	3.35	3.30	3.16½
Eggs	13	12	14	1[illegible]	11	[illegible]		1[illegible]	14	11
Millet	84	8[illegible]	80	83	84	82	8[illegible]	81	83	82
Oats	34	3[illegible]	37	33	35	34	37	38	40	33½
Peas	7[illegible]	69	71	73	66	75	7[illegible]	69	71	66½
Rye	65	66	60	6[illegible]	65	6[illegible]	62	64	66	60
Wheat	75	77	8[illegible]	8[illegible]	75	79	76	8[illegible]	80	78
SELLING LISTS										
Barley	75	73	74	79	74	76	75	71	78	79
Butter (creamery)	25	25	26	[illegible]	26	24	26	25	24	26½
Cheese	15	14	14	13½	12	12	13	[illegible]	14	13½
Clover Seed	4.00	4.25	4.40	4.50	4.55	4.75	4.35	4.55	4.60	4.45
Eggs	16	17	18	15	14	16	15	17	18	14
Millet	90	92	91	95	90	94	91	92	95	94
Oats	40	42	45	39	41	40	45	46	47	39
Peas	75	74	80	85	72	87	83	75	83	72
Rye	72	75	71	73	74	72	69	75	79	78
Wheat	83	85	91	92	83	84	85	92	91	83½

PARTNERSHIP AGREEMENT

LAMONT & MARSHALL

ARTICLES OF AGREEMENT, made and concluded this seventh day of July, in the year One Thousand Nine Hundred and [illegible], between Thomas Lamont, of the City of Toronto, Province of Ontario, Dominion of Canada, party of the first part, and Charles Marshall, of the city aforesaid, party of the second part, witnesseth as follows:

The said parties above named have agreed to become co-partners in business, and by these presents do agree to become co-partners together, under and by the name or firm of "Lamont & Marshall," for the purpose of conducting a general Wholesale and Retail business as dealers in boots and shoes. The partnership is to continue four years from date, unless sooner dissolved by mutual consent. Both parties are to invest equally, draw equally for private use, share alike in gains and losses, and give their whole time and attention to the business. And it is agreed by and between

the said parties that there shall be had and kept, in common between them, so that either of them may have access thereto without any interruption or hindrance of the other, a set of perfect, just and true books of account, wherein shall be entered and set down, all money by them, or either of them, received, paid, laid out and expended in and about the said business, as also all goods, wares, commodities and merchandise by them, or either of them, bought or sold, by reason or on account of said business, and all other matters and things whatsoever, to the said business and the management thereof in anywise belonging. And also, the said co-partners, once in twelve months, or oftener if necessary, shall make, yield and render, each to the other, a true, just and perfect inventory, and also an account of all profits and increase by them, or either of them, made, and of all losses by them, or either of them, sustained, and also all payments, receipts, disbursements, and all other things by them made, acted, done or suffered in the said co-partnership and business; and the same account so made shall and will clear, adjust, pay and deliver, each to the other, at the time, then just share of the profits so made as aforesaid. And the said parties mutually covenant and agree to each other that, during the continuance of the said co-partnership, neither of them shall nor will endorse any note, or otherwise become surety for any person or persons whomsoever, without the consent of the other of the said co-partners.

For the purpose of securing the performance of the foregoing articles of agreement, it is agreed that either party, in case of any violation of them, or either of them by the other, shall have the right to dissolve this co-partnership forthwith, on his becoming informed of such violation.

In witness whereof, we have hereunto set our hands and seals the day and year first above written.

Signed, sealed and delivered in the presence of	THOMAS LAMONT.	SEAL.
J. W. BROWN.	CHARLES MARSHALL.	SEAL.

BUSINESS TRANSACTIONS FOR JULY.

Books to be used in this month: Journal, with special column for sales, Cash Book, and Bill Book (as original books) and Ledger. Bank account to be kept in the Ledger.

2 (Student) commenced the Grain and Produce business with the following Assets and Liabilities:—Cash, $1200; On deposit in the Bank of Commerce, $2500.00; Warehouse No. 259 Bathurst St. valued at $4000.00; Note made by Kaulbach and Schurman, Halifax, N.S., dated June 5, at three months, payable at our bank, for $235.85; Edward Little, Brampton, owes on account $62.50; Robt. Nichols, Whitby, owes on account, $25.45.

Due R. S. Lightheart, Snelgrove, on our 60 day note, dated May 25, payable at office, $136.95, and James Armstrong, Streetsville, on account, $35.87.

Place the entire entry in your Journal in Net Form crediting Student instead of Capital. Be careful when posting Cash and Bills in their respective books that you place a check mark in the folio column before the word "Capital," to prevent it from being credited twice.

Engaged A. Day as bookkeeper and stenographer at a monthly salary of $50; also Albert Lockard as shipping clerk, at a monthly salary of $25.

2 Bought of John Baker and Sons, Grimsby, Ont., on account, 400 bush. Wheat, 250 bush. Barley, 100 bush. Clover Seed, 150 bush. Rye, 125 bush. Millet.

4. Sold John Ferguson, Owen Sound, on account, 50 bush. Barley, 10 bush. Clover Seed, 75 bush. Wheat. (See special column in specimen Journal for sales. Notice manner of carrying forward the footings.)

4. Deposited cash $1000.

5. Paid in cash John Mill's account for office supplies $25.32.

6. Made a draft for $62.50 on Edward Little, Brampton, in my favor at 30 days sight, and remitted same to John Baker & Sons, Grimsby, to apply on account less 33 days discount (6 per cent.).

6. Sold T. H. Luscombe, London, on account, 75 bush. Rye, 85 bush. Millet, 125 bush. Wheat.

7. Accepted payable at Bank of Commerce, James Armstrong's draft, drawn at 10 days after date in his favor for amount due him on account.

9. Bought of H. E. King & Co., St. Catharines, on account, 20 boxes Cheese, 1400 lbs. net, 900 doz. Eggs, 550 lbs. Creamery Butter.

10. Purchased of Goldie & McCulloch, Galt, Ont., a fire-proof safe, giving a cheque for $175 in payment.

10. Kaulbach & Schurman prepaid by cheque their note dated June 5. Discount to maturity at 7 per cent.

11. Accepted payable at the Bank of Commerce, H. E. King & Co.'s draft for amount of purchase of the 9th, drawn at 45 days after date in favor of Johnston & Raymond.

12. Sold J. K. Anderson, Barrie, Ont., 5 boxes Cheese, 350 lbs. net, 500 doz. Eggs, 450 lbs. Creamery Butter. Received in payment his draft at ten days sight on W. T. Caldwell, Collingwood, which the drawee has this day accepted payable at the Bank of Hamilton, Collingwood.

12. Proprietor withdrew from the business in Cash $55.

13. Sold Kaulbach & Schurman, Halifax, N.S., receiving their cheque in payment, 150 bush. Barley, 50 bush. Clover Seed.

14. Prepaid our note, dated May 25, favor R. S. Lightheart in cash. Discount 6 per cent.

14. Deposited cash $50 and Kaulbach and Schurman's cheque.

16. Bought of C. H. Wilson & Co., Brantford, Ont., 650 bush. Oats, 175 bush. Clover Seed, 380 bush. Wheat, 200 bush. Rye. Gave in payment cheque $75, Cash $100, Balance on account.

17. Paid advertising bill in cash $25.38.

18. Sold McLaren & Foster, Tilsonburg, Ont., 250 bush. Oats, 125 bush. Clover Seed, 225 bush. Wheat, 50 bush. Rye. Made a 30 day sight draft for the amount and sent to them for acceptance.

19. Prepaid by cheque my acceptance of the 11th inst. in favor of H. E. King & Co. Discount 7 per cent.

19. Made a sight draft on Robert Nichols, Whitby, Ont., for the amount of his account. Left the draft with the bank for collection. (Memo only.)

[illegible]. Prepaid by cheque John Baker & Sons $500 draft dated July 17, at 60 days sight. Discount 7 per cent.

[illegible] Paid by cheque my acceptance favor of Jas. Armstrong due to-day.

[illegible] Received from McLaren & Foster the 30 day sight draft sent them for acceptance on the 18th. Acceptance dated July 20 payable at the Molsons Bank, Tilsonburg.

[illegible]. Leave W. T. Caldwell's acceptance at the bank for collection. Make a memo. in pencil in the "disposed of" column of your B. B.

[illegible]. Bought of H. E. King & Co., St. Catharines, Ont., 250 bush. Peas, 200 bush. Barley, 50 bush. Clover Seed. Accepted payable at my bank their draft at thirty days sight favor of Imperial Bank for $100. Balance to remain on account.

[illegible]3. Received from John Ferguson, Owen Sound, for his purchase of July 4th, a draft drawn by the Bank of Hamilton on the Molsons Bank in his favor transferred to me by full indorsement.

24. Received credit at the bank for the draft on R. Nichols left for collection on the 10th inst. Collection 25c. Proceeds placed to my credit.

24. Received cash from T. H. Luscombe for one-half of his account.

[illegible]. The bank notified me that W. T. Caldwell's draft has been collected and proceeds placed to my credit less collection 1/8 per cent.

27. Deposited cash $75 and Bank of Hamilton draft received from [illegible]erguson.

28. Paid in cash freight bill $11 78. (Dr. Mdse.)

30. Give bookkeeper and shipping clerk credit for a month's salary. (Dr. Salary.)

31. Paid C. H. Wilson & Co. on account, by cheque one-fourth of the amount due them.

31. Sold R. Nichols, Whitby, Ont., on account, 100 bush. Wheat, 40 bush. Millet.

POSTING, JULY.

Open new accounts giving Bank and Mdse. one-half page each, all other accounts one-quarter page each. Place Collection and Exchange in one account, and open Interest and Discount as one account.

INVENTORIES.

Mdse., - Cheese, 15 boxes, 1050 lbs.
Barley, 250 bush.
Oats, 400 bush.
Peas, 250 bush.
Wheat, 255 bush.
Butter, 100 lbs.
Eggs, 400 doz.
Clover Seed, 140 bush.
Rye, 225 bush.

Expense, –Office Safe less 15 per cent. depreciation.

Real Estate, At Cost.

JULY TRIAL BALANCE.

Take a Trial Balance as usual and prepare a statement of the Losses and Gains, Resources and Liabilities in form as shown at the end of the March business. The teacher will check your Net Gain. Close only the accounts showing Losses and Gains preparatory to admitting a partner

Before proceeding with the work of August draw up on foolscap showing acceptances and endorsements the drafts mentioned in the transactions dated July 6, 7 and 12, and hand same with books and statement to teacher for examination.

BUSINESS TRANSACTIONS FOR AUGUST

1. Disposed of a half interest in my business to Chas. Merrill, he paying cash therefor. (This money is the student's private property and is not paid into the business.) Firm name to be Student & Merrill. All negotiable paper on hand should at this time be endorsed over to the firm, and the money in the bank transferred to the firm's credit. The signature of the firm as written by the two members should be left with the ledger-keeper at the bank. Articles of co-partnership should be executed and registered. (For form see page 66.)

2. Bought of the Cook Cheese and Butter Co., Ingersoll, Ont., on account, one-half subject to 10 days' draft, balance in 30 days, 25 Boxes Cheese, net weight 1,750 lbs., 375 lbs. C. Butter, 300 doz. Eggs.

3. Received from F. H. Lascombe his draft at 30 days sight on C. H. Willson & Co., Brantford, for one-half the amount of his account. Transferred the draft to C. H. Willson & Co., to apply on account, less 33 days discount (6 per cent.).

3. Sold Edward Little, Brampton, on account, at 30 days, 15 boxes, 1,050 lbs. Cheese, 325 lbs. C. Butter, 550 doz. Eggs.

4. Placed $2,500 insurance with the Quebec Insurance Co. at [illegible] per cent. premium. Pay premium in cash.

5. Sold J. K. Anderson, Barrie, 50 bush. Barley, 75 bush. Oats, 40 bush. C. Seed. Received cash, $200. Balance on account.

6. Bought at the Bank of Commerce, by cheque, a draft on St. Catharines, in my favor for $125.75 at [illegible] per cent. exchange. Endorsed and remitted same to H. E. King & Co. on account.

6. Paid in cash a sight draft drawn by the Cook Cheese & Butter Co., Ingersoll, in favor of F. A. Piper, Lambeth, for one half of our purchase of the 2nd inst.

8. Sold F. A. Marchant, Exeter, Ont., on account, at 5 days, 175 bush. Oats, 100 bush. Clover Seed, 145 bush. Wheat, 150 bush. Peas.

9. Draw on Edward Little at 30 days in favor of our bank for amount of his purchase of the 3rd inst., and have same discounted. Discount 7 per cent. Proceeds credited.

9. Accepted payable at our bank John Baker & Sons' draft at 20 days' sight, favor S. G. Long, for the balance due on invoice of the 3rd inst.

10. Bought of Stuart & Parker, Kingston, Ont., on account, at 10 days, 225 bus. Oats, 180 bus. Millet, 115 bus. Barley.

11. Sold McLaren & Foster, Tilsonburg, 10 boxes Cheese, 700 lbs., 125 lbs. C. Butter, 85 doz. Eggs. Received cash, $50. Balance on account.

12. Sold John Ferguson, Owen Sound, at 10 days on account, 135 bus. Barley, 265 bus. Oats, 75 bus. Clover Seed, 123 bus. Millet.

13. Received from F. A. Marchant, a cheque for one half the amount of his purchase of the 8th.

13. Deposited cash, $50, and F. A. Marchant's cheque.

15. Accepted payable at our bank, Stuart & Parker's draft in their favor at 5 days from date for invoice of Aug. 10th.

19. Received cash from McLaren & Foster for the balance due on their purchase of the 11th.

19. Sold Edward Little, Brampton, on account at 15 days, 118 bus. Barley, 133 bus. Oats, 96 bus. Millet, 155 bus. Rye, 95 bus. Peas.

17. Bought of James Armstrong, Streetsville, on account one half subject to draft in 5 days, balance in 10 days, 168 bus. Barley, 375 bus. Oats, 133 bus. C. Seed, 148 bus. Millet.

18. Drawn on Edward Little at 15 days sight in my favor for $380.00 and transfer the draft to C. H. Willson & Co. to apply on account less 18 days discount (7 per cent.).

19. Sold T. H. Luscombe, London, 5 boxes Cheese, 350 lbs., 118 doz. Eggs. Received cash for half. Balance on account.

22. Received from McLaren & Foster, cash $225 in part payment of their acceptance of July 20th. For the balance, including 23 days' interest (6 per cent.), they give their 20 day note payable at the Molsons Bank, Tilsonburg.

22. Received from John Ferguson, in settlement of invoice of the 12th, note at 10 days payable at the Bank of Commerce, Toronto, for $65. Balance paid in cash.

23. Paid in cash James Armstrong's sight draft, drawn in part settlement of purchase of the 17th. See terms of purchase.

23. Paid Stuart & Parker $125, by draft on Kingston, Ont., to apply on my acceptance maturing to-day. Purchased draft for cash at ¼ per cent. exchange. For the balance due on the bill we give a note at 30 days and pay discount at 7 per cent. on the renewal in cash.

23. Have received permission from H. E. King & Co., St. Catharines, to allow us to draw on them at sight for $50, so that we may be enabled to retire our acceptance in their favor, maturing to-day. Received credit at the bank for the draft less 15c. collection. A cheque is now issued to retire the acceptance of July 21.

24. Received cheque from T. H. Luscombe, in full of account.

25. Bought of C. H. Wilson & Co., Brantford, Ont., on account 15 days, 105 bus. Barley, 112 bus. Millet, 215 bus. Wheat, 137 bus. Rye.

26. Received cash $45 from Edward Little to apply on account.

26. Deposit cash $300 and Luscombe's cheque.

27. Paid the Cook Cheese & Butter Co. $37 by cheque.

27. Sold John Ferguson, Owen Sound, on account 268 bus. Barley, 113 bus. Oats, 68 bus. Clover Seed, 110 bus. Wheat.

29. Credit your book-keeper and shipping clerk with a month's salary and pay them in cash $75 and $35 respectively.

31. Received from John Ferguson in payment of his purchase of the 27th a 30-day sight draft on Smith & Burns for $250 in my favor, which the drawees have this day accepted payable at the Traders Bank, St. Marys; also received his sight draft in my favor on H. M. White & Co., of this city, which has been paid in cash for the balance of the invoice and 33 days discount (5) on the draft on Smith & Burns.

INVENTORIES.

Mdse.—10 Boxes Cheese 700 lbs., 157 Bus. Barley, 239 Bus. Oats, 30 Bus. Clover Seed, 25 lbs. C. Butter, 221 Bus. Millet, 147 Doz. Eggs, 5 Bus. Peas, 207 Bus. Rye, 215 Bus. Wheat.

Expense.—Office safe less 10 per cent. depreciation on value as given August 1.

Real Estate. Estimated at cost.

Date			CASH		Check No.	Bank		Gold	
19									
Sep	1		Capital	Invested				800	
	1	12	H. C. [illegible]	[illegible]				[illegible]	[illegible]
	3	"	Bank		1	[illegible]	73		
	4	14	M. D. Woods	On account				[illegible]	30
	4	[illegible]	Bills Receivable	A. W. Peters No. 17				[illegible]	54
	5	"	Bank			[illegible]			
	6	17	Mdse. Disct.	2 [illegible] Reid Bros & Co.				[illegible]	54
	6	"	Bank		3	[illegible]	40		
	9	[illegible]	Bills Receivable	G. C. Gunote No. 12, discd.				250	
	10	28	W. H. Barber	In full of acct.				172	80
	11	25	R. W. Neeley	Dft. at 10 days on acct.				125	
	12	[illegible]	Discount	J. W. Gunote No. 5				3	40
	12	"	Bank		4	[illegible]	[illegible]		
	14	24	Martin Price	In full of acct.				415	50
	15	"	Bank		5	18			
							[illegible]		
	15		Balance in Bank *			2058	43		
						3151	51		
								3518	09
								3518	09
Sep	16		Balance	In Bank 2058 43					
				" Safe 277 40				2335	83

CONTRA

					Bank		CR. Gen'l	
Sep.	1	√	Bank	On deposit	1000			
	2	15	Expense	Rent for Sep.			55	
	3	7	Bills Payable	C. P. Rowen No. 4			262	73
	5	18	Merchandise	30 Reams F. Cap			33	
	6	23	Reid Bros. & Co.	In full of acct.			576	94
	9	11	Freight	On B. G. & Co. mv.			7	45
	9	√	Bank	Deposited cash	800			
	9	9	Discount	G. C. G. note No. 12			3	18
	9	√	Bank	Pro. G. C. G. note	246	82		
	11	9	Discount	R. W. Neeley dft.				31
	11	√	Bank	Pro. Neeley dft.	124	69		
	12	7	Bills Payable	J. W. Garrat No. 5			217	34
	14	17	Mdse. Disct.	M. Price 2			8	31
	15	15	Expense	Clerk's salary			18	
	15	√	Bank	Deposited cash	980			
							10	
					3151	51		
							1182	26
	15		Balance in Bank* 2058 43					
	15		" " Safe* 277 40				2335	83
							3518	09
Sep.	16		Balance	In Bank	2058	43		

[illegible]

AUGUST POSTING.

[illegible]

AUGUST TRIAL BALANCE.

[illegible]

LOCATION SEPT. [illegible]

(Sales Book.)

W. Campbell, Brockville			
5 Reams Ledger Cap	[illegible]	[illegible]	
5 Doz. Letter Books	[illegible]	[illegible]	
10 Gross Gillott's No. [illegible] Pens	[illegible]	[illegible]	
[illegible] M. Envelopes No. [illegible]	[illegible]	[illegible]	[illegible]
[illegible] Days			
[illegible]			
C. W. Palmer, Orillia			
2[illegible] Gross College L. Pencils	[illegible]	75 [illegible]	
1[illegible] Doz. Quarts S. Black Ink	[illegible]	[illegible]	
[illegible] Reams Gov't Cap	[illegible]	[illegible]	[illegible]
[illegible] Days			
[illegible]			
[illegible] Hunter, Windsor			
7 Gross Esterbrook's No. [illegible] Pens	[illegible]	[illegible]	
[illegible] Doz. Letter Books	[illegible]	[illegible]	
[illegible] Gross No. [illegible] Pen Holders	[illegible]	[illegible]	57 55
Forward			[illegible]

[illegible]

Do not carry the work down to the last line, leave room to foot. Rule a single red line under the last amount in the outside column, (no ruling below it) write "Forward" before it and carry the amount to the top of the next page placing it in the outside column with the word "Forward" before it. The work is continued in this way until the end of the month when a double red line is ruled below the total and "Merchandise C." written before the amount in black ink.

Posting. [illegible] per [illegible] for the amount of the purchase using the initials "S.B." to indicate the book from which the item comes, then credit Merchandise in one sum for the total sales. Be sure to enter the folio in both Sales Book and Ledger.

SEPTEMBER AND OCTOBER.

[illegible]		1	2	3	4	5	6	7	8	9	10
[illegible] Paper	Velvet 80 lbs. [illegible]	Ream 9 50	[illegible]	9 37	9 40	9 45	9 30	9 [illegible]	9 [illegible]	[illegible]	9 37½
[illegible] Paper	[illegible] 60 lbs. [illegible]	Ream 4 8[illegible]	4 90	4 95	[illegible] 10	[illegible]	4 8[illegible]	4 90	[illegible] 00	[illegible]	4 95
[illegible]	No. 170 [illegible]	M 95	90	87	84	95	97	90	[illegible]	87	85
[illegible]	No. 170 [illegible]	M 1 62	1 65	1 75	1 8[illegible]	1 87	1 62	[illegible] 90	1 9[illegible]	1 75	1 87½
[illegible]	[illegible]	Ream 1 2[illegible]	1 35	1 37	1 4[illegible]	1 40	1 2[illegible]	1 [illegible]	1 37	1 [illegible]	1 35
[illegible]	[illegible]	Ream 1 87	1 85	1 95	1 83	1 75	1 87	[illegible] 10	1 95	2 05	1 85
[illegible] Stephens	Black	Doz. Qts. [illegible] 62	[illegible] 75	[illegible] 90	[illegible] 97	[illegible] 70	[illegible] 62	[illegible] 60	[illegible]	[illegible] 75	[illegible] 65
[illegible]	[illegible]	Doz. Qts. 8 8[illegible]	8 95	9 10	8 75	8 8[illegible]	8 87	9 05	9 15	8 95	8 75
[illegible] Book		Doz. 8 7[illegible]	9 25	8 87½	8 85	8 95	8 72	9 1[illegible]	9 25	8 87	8 75
[illegible] Pencils	No. [illegible]	Gross 3 62	3 65	3 75	3 87	3 95	3 62	3 67	3 75	3 83	3 95
[illegible] Pencils	College	Gross 2 7[illegible]	2 65	2 8[illegible]	2 87	2 62	2 80	2 7[illegible]	2 83	2 [illegible]	2 65
[illegible]	No. 075	Gross 1 83	1 75	1 95	1 66	1 6[illegible]	1 87	1 95	1 83	1 62	1 75
[illegible]	Gillott's No. 292	Gross 3[illegible]	32	31	33	30	[illegible]	29	32	34	31
[illegible]	Esterbrook's No. 048	Gross 5[illegible]	65	[illegible]	53	56	[illegible]	[illegible]	53	62	58

SEPTEMBER AND OCTOBER.

SELLING LISTS		1	2	3	4	5	6	7	8	9	10
[illegible] Paper	Velvet 80 lbs. to the ream	Ream 10 62	10 75	10 87	10 90	10 83½	10 62	10 65	10 75	10 95	10 87½
[illegible] Paper	[illegible] 60 lbs. to the ream	Ream 6 75	6 80	6 83	6 87½	6 75	6 62	6 65	6 75	6 95	6 83½
[illegible]	No. 170 [illegible]	M 1 25	1 18	1 20	1 19	1 25	1 27	1 18	[illegible] 16	1 20	1 19
[illegible]	No. 170 [illegible]	M 2 12½	2 16	2 18	2 25	2 30	2 12	[illegible] 37	2 45	2 18	2 30
[illegible]	Federal 12 lbs. to the ream	Ream 1 65	1 75	1 85	1 92	1 87½	1 65	2 00	1 85	2 05	1 75
[illegible]	Government 14 lbs. to the ream	Ream 2 37	2 35	2 45	2 30	2 25	2 37	2 75	2 60	2 70	2 35
[illegible] Stephens	Black	Doz. Qts. 7 25	7 65	7 75	7 87	7 60	7 55	7 15	7 87½	7 65	7 35
[illegible]	Red	Doz. Qts. 11 62	11 75	11 85	11 55	11 60	11 62½	11 70	11 90	11 75	11 55
[illegible] Books		Doz. 11 87½	12 25	11 85	11 80	11 95	11 85	12 15	12 25	11 85	11 87½
[illegible] Pencils	No. 525	Gross 4 55	4 60	4 62	4 75	4 83	4 55	4 65	4 62	4 70	4 83½
[illegible] Pencils	College	Gross 3 65	3 62	3 75	3 83	3 60	3 87	3 85	3 80	3 75	3 62½
[illegible]	No. 075	Gross 2 47	2 35	2 65	2 45	2 40	2 37	2 62	2 47	2 25	2 35
[illegible]	Gillott's No. 292	Gross 42	37	35	38	34	42	33	37	38	35
[illegible]	Esterbrook's No. 048	Gross 65	72	62½	60	65	63	62	65	66½	67

BUSINESS TRANSACTIONS FOR SEPTEMBER.

Books to be used this month: Journal with special column for goods bought, Cash Book, with special column for both sides for Bank, Sales Book, Bill Book and Ledger. The Journal will contain very few transactions in September and October, as all sales of Merchandise, receipts and payments of Cash, Bills Receivable received and Bills Payable issued will be posted directly from their respective books to the Ledger.

For forms of Cash and Sales Books see pages 72 and 74.

1. Student began business investing: Cash in Bank of Commerce $2,000, on hand $500, Note for $205.75, dated Aug. 1, at 60 days, with interest at 7 per cent., made by H. C. Maddon, of Winnipeg, Man., payable at the Merchants Bank here; C. W. Palmer, Orillia, Ont., owes on account $170.17. Reckon the interest to date and include with your Resources.

   Engaged J. B. Lister as bookkeeper at a salary of $45 per month.

2. Bought of Adams & Brooks, Montreal, Que., on account, 30 days net, 3 per cent., 10 days, 100 Reams Federated 12 lb. Cap., 75 Reams Government 14 lb. Cap., 36 Doz. Quarts Stephens' Black Ink, 12 Doz. Quarts Stephen's Red Ink.

   Leased store No. 207 Main St. from J. D. Young at a monthly rental of $50. Paid one month's rent in advance by cheque.

3. Paid John Anderson & Co. $18.75 in cash for office supplies.

4. Sold William Campbell, Brockville, Ont., on account, at 30 days, 10 Reams Federated 12 lb. Cap., 1 Doz. Quarts Stephens' Black Ink, 1 Doz. Quarts Stephens' Red Ink.

5. Drew on C. W. Palmer for $100 at 30 days' sight and had draft discounted at 7 per cent. at bank. Proceeds credited.

   Sold W. N. Taylor, Goderich, Ont., on account at 60 days, 5 Reams Federated 12 lb. Cap., 1 Reams Government 14 lb. Cap., 2 Doz. Quarts Stephens' Black Ink.

6. Purchased from Geddes & McCulloch, Galt, Ont., a fire proof safe for $250, gave in payment cheque $25, and notes at 30, 60 and 90 days for remainder.

8. Bought of Kendall & Co., Toronto, Ont., on account at 60 days, 5 per cent., 15 days: 5 Doz. Letter Books, 100 Gross Gillott's No. 202 Pens, 100 Gross Esterbrook's No. 048 Pens, 50 M. Envelopes No. 17068, 5 Gross No. 525 Lead Pencils.

9. Drew on William Campbell, at 25 days from date in full for his purchase of the 4th and sent the draft in form by mail for acceptance. Memo only: no entry until draft is received duly accepted.

9. Proprietor withdrew $50 by cheque for private use.

10. Deposited cash, $100.

    Paid freight, $[illegible] cash on goods received from Kendall & Co.

11. Sold R. D. Donaldson, Peterboro, Ont., 1 doz. quarts Stephens' Red Ink, 1 doz. Letter Books, 25 gross Gillott's No. 202 Pens, 15 M. Envelopes, No. 17068, 5 gross No. 525 Lead Pencils. Received his cheque in payment. Pass the transaction through his account.

    Deposited cash, $2[illegible] and Donaldson's cheque.

12. The draft sent W. Campbell on the 6th has this day been returned accepted, payable at the Bank of Commerce here.

    Purchased on the block by cheque, paying [illegible] per cent. exchange, a draft on Montreal in my favor in settlement of the amount due Adams & Brooks on account of purchase of the 2nd inst., less 3 per cent. discount, as arranged for.

    Open an account for Misc. Disc. (into which the 3 per cent. allowance will be carried.)

13. Bought of Reid Bros. & Co., City, on account, 30 days, 5 per cent. 10 days, 20 M. Envelopes, No. 17[illegible], 1 gross No. 175 Pen Holders, 30 gross College Lead Pencils.

5 Prepaid by cheque note favor of Goldie & McCulloch, maturing Oct. 9th, discount 7 per cent.

6 Received from C. W. Palmer his note at 5 days, payable at the Molsons Bank, in full of account.

Sold James Hunter, Windsor, on account, 15 days, 15 reams Federated 12 lb. Cap, 12 reams Government 14 lb. Cap, 1½ doz. Letter Books, 15 gross Gillott's No. 202 Pens.

7 Reid Bros. & Co. allow my claim for 1 gross No. 075 Pen Holders short on purchase of the 13th.

8 Received from W. N. Taylor his cheque for one-half the amount of his purchase of the 5th.

9 Pay in cash gas bill for month, $3.25.

Deposited cash, $175, and Taylor's cheque.

12 Sold William Campbell, Brockville, 25 gross Esterbrook's No. 048 Pens, 10 M. Envelopes, No. 17068, 5 M. Envelopes, No. 17040, 6 gross No. 525 Lead Pencils, 5 gross No. 075 Pen Holders. Received in payment his 20-day note, payable at the Bank of Commerce, Brockville. (Charge him in the S. B. and credit him through the B. B.)

13 Paid Reid Bros. & Co. in full of purchase of the 13th, less 5 per cent. discount. Gave cheque for the amount due.

(See Sept. 17th, also instructions under Sept. 12th regarding discount.)

14 Received from C. W. Palmer, to apply on his note maturing to-day, $25.17 cash. On the remainder I agree to give him 30 days and take his note, payable at the Molsons Bank, Orillia, Ont., for that time.

15 Accepted Kendall & Co's. draft in favor of the Merchants Bank at 40 days sight to settle invoice of the 8th inst.

16 Bought of Adams & Brooks, Montreal, on account at 30 days, 2 per cent. 15 days: 20 Reams Federated 12 lb. Cap, 10 reams Government 14 lb. Cap, 3 doz. Letter Books, 25 gross Gillott's No. 202 Pens, 5 reams Velvet 80 lb. Blotting Paper, 3 reams Nestor 60 lb. Blotting Paper.

17 Sold C. W. Palmer, Orillia, Ont., on account at 30 days, 2 reams Velvet 80 lb. Blotting Paper, 20 reams Federated 12 lb. Cap, 10 reams Government 14 lb. Cap, 3 doz. Quarts Stephens' Black Ink, 2 doz. Letter Books.

19 Paid Bookkeeper his salary for the month by cheque.

INVENTORIES

Mdse:

70 reams Federated 14 lb Cap.
53 reams Government 12 lb. Cap.
20 doz. Quarts Stephens' Black Ink.
10 doz. Quarts Stephens' Red Ink.
3 doz. Letter Books.
85 gross Gillott's No. 292 Pens.
75 gross Esterbrook's No. 048 Pens.
25 M. Envelopes, No. 17068.
15 M. Envelopes, No. 17040.
14 gross No. 525 Lead Pencils.
5 gross No. 075 Pen Holders.
30 gross College Lead Pencils.
3 reams Velvet 80 lb. Blotting Paper.
3 reams Nestor 60 lb. Blotting Paper.

Expense:

Office safe less depreciation 5 per cent.

POSTING, SEPTEMBER.

As the work of September has no connection with that of August, new accounts will be opened. Give Mdse. one-half page, all other accounts one-quarter page.

SEPTEMBER TRIAL BALANCE.

After completing the posting take a trial balance and make a columnar Balance Sheet and close off the accounts showing losses and gains, preparatory to commencing work on the month of October, which will be posted under the same ledger headings.

BUSINESS TRANSACTIONS FOR OCTOBER.

1. Finding that the September business resulted in a small loss the student decided to form a partnership with some person able to bring both experience and capital into the concern. To this end Geo. D. Porter has been admitted as an equal partner in the business, the firm name to be Student & Porter. He invested the following:

   An account against W. A. Reid of Aylmer, Ont., for $315.00, a note made by G. F. Hotson for $225.85, dated Sept. [illegible] at [illegible] months, payable at the Merchants' Bank, City. This note Mr. Porter has transferred to the firm by a full endorsement. Cash to make his investment equal to your present worth. The above note is taken by the firm at a discount of 6 per cent. for the unexpired time. Articles of co-partnership would be executed and registered, negotiable paper on hand endorsed over to the firm, and bank balance transferred. Use same books and columns as in September.

2. Bought of Buntin, Gillies & Co., Hamilton, Ont., on account at 30 days, 5 per cent. 10 days, 3 per cent. 20 days, 25 reams Federated 12 lb. Cap., 15 reams Government 14 lb. Cap., 4 doz. Letter Books, 50 gross Gillott's No. 202 Pens, 25 M. Envelopes No. 170-8, 15 gross No. 075 Pen Holders.

   Sold Harry Mitchelltree, London, on account at 15 days, 15 reams Government 14 lb. Cap., 10 doz. quarts Stephens' Black Ink, 5 doz. Letter Books, 25 gross Gillott's No. 202 Pens.

3. Received cash from W. N. Taylor to balance his account.

   H. C. Maddon settles his note maturing to-day in the following manner:—Note at 15 days for $[illegible] payable at the Merchants' Bank here; Cash for the balance of the old note together with interest at 7 per cent. on the first note and also on the renewal.

4. Deposited cash $2400.

5. Drew on James Hunter, Windsor, at sight for his purchase of the 17th and endorsed draft over to Adams & Brooks to apply on account.

6. Sold William Campbell, Brockville, on account at 60 days, 35 reams Federated 14 lb. Cap., 5 doz. quarts Stephens' Red Ink, 50 gross Esterbrooks No. 048 Pens, 30 M. Envelopes No. 170-8.

8. Paid water rates in cash $[illegible].

   Received cash from W. Campbell in full for his note due yesterday.

   Having informed Adams & Brooks that we wished to take advantage of the [illegible] offered on the invoice of the 2[illegible] [illegible] they drew on us at sight for the amount due less the discount. We accepted their draft. (Discount will be allowed on the entire invoice.)

9. Drew on C. W. Palmer at 20 days for one-half the amount he owes and discounted the draft at the bank. Discount 7 per cent. proceeds credited.

   Bought of Reid Bros. & Co., City, on account, 30 days net, 30 reams Federated 12 lb. Cap., 12 doz. quarts Stephens' Black Ink, 15 doz. quarts Stephens' Red Ink.

11. Our acceptance favor of Adams & Brooks has been charged to our account at the bank.

    Sold W. N. Taylor, Goderich, Ont., on account at 30 days, 15 M. Envelopes No. 170-8, [illegible] gross No. 525 Lead Pencils, [illegible] gross No. 075 Pen Holders, 15 gross College Lead [illegible], 2 reams Velvet 80 lb. Blotting Paper, 2 reams Nestor 60 lb. Blotting Paper.

12. Received from W. A. Reid, his cheque for $[illegible] to apply on account.

13. Deposited cash $225.[illegible].

15. Received cheque from W. Campbell for his note due to-day.

    Bought by cheque a draft on Hamilton in our favor for the amount due Buntin, Gillies & Co. on our purchase of the 2nd less [illegible] per cent. Exchange [illegible] per cent. Endorsed draft to their order and remitted same.

16. Sold James Hunter, Windsor, Ont., on account at 30 days, 12 reams Federated 12 lb. Cap, 8 doz. quarts Stephens' Black Ink, 5 doz. quarts Stephens' Red Ink, 2½ Doz. Letter Books.

17. Received cash from Harry Mitcheltree, for one-half the amount of his purchase of the 2nd.

18. Deposited cash $50.00, and Campbell's cheque.

Gave Reid Bros. & Co., a cheque for one-half of the amount of our purchase of the 10th.

19. Sold W. Campbell, Brockville, Ont., on account at 30 days, 20 reams Government 14 lb. Cap., 35 gross Gillott's No. 292 Pens, 10 gross Esterbrook's No. 048 Pens, 15 M. Envelopes No. 170-8.

20. Bought from G. T. Mann, giving cheque in payment, 5 tons Furnace Coal at $6.00 per ton.

Bought of Buntin, Gillies & Co., Hamilton, at 30 days, 5 per cent. 10 days, on account, 50 gross Esterbrook's No. 048 Pens, 35 M. Envelopes No. 170-8, 20 gross No. 525 Lead Pencils, 25 M. Envelopes No. 170-10.

21. Received cash from H. C. Maddon, for his note of Oct. 3, due to-day.

23. Received from W. A. Reid, to apply on account his 60 day note for $175.00, bearing interest at 7 per cent. payable at the Molson Bank, Aylmer.

Sold Harry Mitcheltree, London, on account at 30 days, 5 gross No. 525 Lead Pencils, 10 M. Envelopes No. 170-10, 5 gross No. 075 Pen Holders, 5 gross College Lead Pencils.

24. Received from C. W. Palmer his draft at 10 days sight on F. W. Kerr for the balance due us on his purchase of Sept. 27th. The drawee has this day accepted the draft payable at the Traders Bank, Collingwood.

26. Prepaid (7 per cent.) our acceptance favor of Kendall & Co. maturing Nov. 7. Gave cash for the proceeds.

27. Received check for $25, from C. W. Palmer to apply on his acceptance maturing to-day.

29. Sold W. N. Taylor, Goderich, Ont., on account at 60 days, 12 reams Government 14 lb. Cap, 5 doz. quarts Stephens' Black Ink, 12 gross Gillott's No. 292 Pens, 12 gross Esterbrook's No. 048 pens.

30. Paid the Toronto Globe by cheque $31.25, in full of advertising account to date.

31. Paid Bookkeeper his salary to date by cheque.

INVENTORIES.

Mdse:

78 reams Federated 12-lb. Cap.
21 " Government 14-lb. Cap.
18 doz. quarts Stephens' Black Ink.
15 " " " Red Ink.
65 gross Gillott's No. 292 Pens.
55 " Esterbrook's No. 048 Pens.
40 M. Envelopes No. 170-8.

Mdse:

15 M. Envelopes No. 170-10.
19 gross No. 525 Lead Pencils.
3 " No. 075 Pen Holders.
10 " College Lead Pencils.
1 ream Velvet 80-lb. Blotting Paper.
1 " Nestor 60-lb. " "

Expense: Office safe 5 per cent. depreciation off value as given on Oct. 1.

Interest: Accrued interest on W. A. Reid's note.

Expense: October rent due and unpaid. (Liability.)

POSTING, OCTOBER.

Give new accounts one-quarter of a page.

OCTOBER TRIAL BALANCE.

After posting add the work of October to that of September and take a trial balance; afterwards construct a columnar Balance Sheet and close the entire ledger. Have the teacher check your Net Gain.

NOVEMBER AND DECEMBER

[illegible]	[illegible]	1	2	[illegible]	4	[illegible]	6	7	8	9	10
[illegible]	XXX [illegible]	.87	1.90	[illegible]	1.98	2.00	2.10	[illegible]	1.98	1.87	[illegible]
[illegible]	[illegible]	[illegible]	1.58	1.60	1.62	1.65	[illegible]	[illegible]	1.60	1.70	1.58
[illegible]	[illegible]	.06	.06	.06	.07	.07	.07	.08	.07	.07	.06
[illegible]	[illegible]	.23	.22	.21	.25	.23	.21	.20	.21	.2	.22
[illegible]	[illegible]	.04	.04	.04	.04	.05	.07	.04	.04	.1	.04
[illegible]	[illegible]	.20	.22	.24	.25	.27	.23	.22	.21	.20	.24
[illegible]	[illegible]	2.87	2.90	2.95	2.85	3.10	3.15	3.20	3.18	2.95	2.85
[illegible]	[illegible]	[illegible]	1.18	1.20	1.25	1.27	1.30	1.32	1.35	1.40	1.45
[illegible]	[illegible]	.03	.03	.04	.04	.03	.03	.04	.03	.03	.03
[illegible]	[illegible]	.04	.04	.04	.05	.05	.05	.05	.04	.04	.04
[illegible]	[illegible]	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04
[illegible]	[illegible]	.05	.03	.03	.05	.03	.03	.03	.03	.03	.03
[illegible]	[illegible]	.05	.07	.05	.07	.05	.05	.05	.05	.05	.05
[illegible]	[illegible]	1.95	1.90	1.92	2.00	1.95	1.90	1.90	1.92	2.00	2.10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.37	3.40	3.45	3.25	3.37	3.35
[illegible]	[illegible]	.19	.21	.23	.25	.27	.30	.32	.35	.27	.21
[illegible]	[illegible]	.36	.37	.39	.40	.42	.35	.33	.35	.42	.39
[illegible]	[illegible]	.32	.35	.34	.35	.37	.4	.32	.34	.33	.37
[illegible]	[illegible]	.42	.51	.53	.54	.50	.51	.55	.52	.50	.51
[illegible]	[illegible]	.13	.15	.17	.18	.19	.20	.21	.19	.17	.20
[illegible]	XXX [illegible]	2.25	2.30	2.35	2.37	2.40	2.45	2.30	2.37	2.25	2.50
[illegible]	[illegible]	[illegible]	2.00	2.05	2.10	2.12	1.95	2.20	2.05	2.15	2.00
[illegible]	[illegible]	.08	.08	.08	.09	.09	.09	.0	.09	.08	.08
[illegible]	[illegible]	.28	.27	.30	.31	.28	.26	.25	.30	.31	.27
[illegible]	[illegible]	.05	.05	.05	.06	.06	.06	.05	.05	.05	.06
[illegible]	[illegible]	.25	.27	.29	.33	.37	.35	.27	.26	.25	.29
[illegible]	[illegible]	3.60	3.65	3.75	3.62	3.85	3.87	3.95	3.90	3.75	3.62
[illegible]	[illegible]	1.40	1.45	1.50	1.62	1.65	1.70	1.75	1.85	1.87	1.50
[illegible]	[illegible]	.04	.04	.04	.04	.05	.04	.05	.04	.04	.05
[illegible]	[illegible]	.05	.05	.06	.06	.06	.06	.07	.05	.05	.06
[illegible]	[illegible]	.04	.05	.05	.04	.04	.04	.04	.05	.04	.04
[illegible]	[illegible]	.03	.05	.03	.03	.03	.03	.03	.03	.03	.03
[illegible]	[illegible]	.06	.06	.06	.06	.06	.06	.06	.06	.06	.06
[illegible]	[illegible]	2.40	2.45	2.37	2.45	2.30	2.25	2.40	2.37	2.45	2.50
[illegible]	[illegible]	4.00	3.75	3.80	3.83	3.87	3.90	3.95	3.75	3.87	3.83
[illegible]	[illegible]	.25	.28	.32	.35	.37	.39	.40	.45	.37	.28
[illegible]	[illegible]	.45	.50	.55	.47	.42	.45	.45	.48	.42	
[illegible]	[illegible]	.62	.63	.64	.65	.65	.62	.62	.64	.63	.66
[illegible]	[illegible]	.53	.62	.64	.6	.60	.61	.65	.63	.62	.62
[illegible]	[illegible]	.17	.25	.20	.22	.25	.25	.26	.24	.22	.25

PURCHASE BOOK.

INV. NO.	DATE GOODS RC'D.			FROM WHOM PURCHASED.	ADDRESS.	DATE OF INVOICE				AMOUNT	WHEN DUE												REMARKS
											JAN.	FEB.	MAR.	APL.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	
1	Nov.	5	17	H. W. Carson.	Guelph.	Nov.	1	10 days,	2	518 30											11		
2	"	8	12	G. E. Wiggins.	Galt.	"	6	15	"	1	417 85										21		
	"	12	24	T. F. Wright.	St. Catharines.	"	11	30	"	4	610 28											11	
4	"	15	15	C. D. Hunn.	Brantford.	"	12	10	"	3	478 12										22		
5	"	16	19	J. Doherty.	Toronto.	"	15	20	"	2	210 18											5	
			20	Mdse. Dr.						2,252 70													

Credit each person from whom goods were purchased and debit Merchandise for the total.

In order to induce prompt payment of bills the majority of Wholesale Houses allow a certain percentage off the face of the invoice if it is paid within a given time. It therefore devolves upon the bookkeeper to keep an accurate record of the purchases and the dates upon which payment must be made in order to take advantage of the cash discount.

*Bal. b/d.

BUSINESS TRANSACTIONS FOR NOVEMBER.

D. Hoskins, of the City of Toronto, and J. W. Westervelt, of the City of London, have this day formed a co-partnership for the purpose of conducting a Wholesale Grocery business in the City of Toronto, under the firm name and style of Hoskins & Westervelt. It is agreed between the partners that D. Hoskins is to have a salary of $1,200 per year in consideration of extra time devoted to the business. Gains and losses to be divided equally. Articles of agreement setting forth the facts in regard to the partnership have this day been executed and registered.

Books to be used in Nov. and Dec.: Journal, Sales Book, Purchase Book, Bill Book, Cash Book, with special columns on the debit side for: Bank, Bills Rec. and General; on the credit side for: Bank, Collection and Exchange, and General.

The above are to be used as original books. See form of Purchase Book on page 81.

1. Hoskins' investment. Cash, $5,000, Note for $500 made by F. W. Hodson, Toronto, dated Oct. 1st, at 2 months, with interest at 6 per cent., payable at the Dominion Bank, City, and one for $275 made by D. C. Hannah, Brampton, dated Sept. 15th, at 3 months, payable at the Merchants Bank, Brampton, Ont.; accounts against William Carter, Weston, Ont., for $525.75 and John Ferguson, Malton, Ont., for $85.68, due H. T. Gough, St. Thomas, Ont., on account, $165.85.

   Westervelt's investment. Cheque, $4,500, Note, for $565.85 made by Edward Rossiter, dated Oct. 10th, at 60 days, payable at the Traders Bank, Milton, Ont., and one for $325.15 made by Peter Chisholm, dated Aug. 26th, at 3 months, payable at the Bank of Hamilton, City, an account against Robt. Campbell, Exeter, Ont., for $615.45, Note for $125 favor of Robt. Millman, dated Sept. 20, at 3 months, payable at the bank of Commerce, London, due W. J. Osborne, Fredericton, N.B., on account, $137.50.

Note to students.

The note [illegible] will be taken at their present value. Interest is allowed Mr. Hoskins [illegible] Hodson's note [illegible] at 7 per cent. [illegible]

1. Student has been engaged as bookkeeper at a salary of $50 per month.

   Open an account with the Bank of Commerce and deposited all the cash on hand.

   Leased premises No. 47 to 49 Front St. West at a yearly rental of $1000.

   Bought of McCullough & Co., Hamilton, Ont., on account 60 days, 2 per cent.—15 days, invoice dated Nov. 1, 25 doz. XXX Brooms, 10 bxs. S. B. Powder, 10 sacks R. Coffee, 5 cases Currants, 10 ht. bbls. Molasses, 15 cases T. Matches, 10 bags Oatmeal, 8 sacks J. Rice, 20 bxs. V. Raisins.

   Purchased office stationery $27.50 of Brown Bros., Limited, by cheque.

   Sold W. T. Matthews, Gravenhurst, Ont., on account 30 days, 3 per cent.—10 days, 2 doz. XXX Brooms, 1 sack R. Coffee, 1 case Currants, 1 ht. bbl. Molasses, 1 case T. Matches, 1 bag Oatmeal.

2. Received from W. Carter his note dated Oct. 30 for $100 at 10 days, payable at the Imperial Bank, Weston.

   Sold J. B. McArthur, Uxbridge, Ont., on account at 20 days, 2 per cent.—10 days, 1 box S. B. Powder, 1 sack R. Coffee, 1 sack J. Rice, 4 bxs. V. Raisins, 1 case T. Matches, 1 bag Oatmeal.

   Received cash less 7 per cent. discount from D. C. Hannah, for his note dated Sept. 15th.

   Paid rent for November by cheque.

   Received from Robt. Campbell his cheque for $65.45 on account.

Sold H. D. Dundas, Beachville, Ont., on account 60 days, 3 per cent.—15 days, 3 doz. XXX Brooms, 1 sack R. Coffee, 1 hf. bbl. Molasses, 1 case T. Matches, 5 bxs. V. Raisins.

Deposited cash $200 and Campbell's cheque. Bank charges ¼ per cent. collection on the cheque.

3 Bought of the Montreal Refining Co., Montreal, Que., on account at 30 days, 1 per cent.—5 days, invoice dated Nov. 2, 20 bbls. G. Sugar, 281-22, 284-23, 200-22, 204-22, 282-21, 280-21, 200-23, 284-21, 200-22, 300-20, 204-22, 285-22, 201-21, 205-22, 204-10, 284-20, 200-21, 205-23, 287-18, 204-21.

Sold William Carter, Weston, Ont., for spot cash 4 per cent. disct., 4 bbls. G. Sugar, 201-21, 205-22, 285-22, 200-20.

Purchased at our bank (by cheque) draft on Frederickton, N. B., favor ourselves for $137.50. Exchange ¼ per cent. Endorsed draft and remitted it to W. J. Osborne in full of account.

Bought of W. Brooks & Co., Sarnia, Ont., on account at 15 days, 1 per cent.—5 days, invoice dated Nov. 2, 50 bxs. B. C. Starch, 15 bbls. W. T. Salt, 50 bxs. S. Soap, 25 cads P. W. H. Tobacco, 25 cads. Briar Tobacco, 10 hf. bbls. W. W. Vinegar.

4. Drew on J. Ferguson at sight through our bank for the amount he owes on account. Bank placed proceeds at our credit, less collection ¼ per cent.

Sold A. D. Fisher, Caledonia, Ont., on account at 30 days 2 per cent.—15 days, 1 sack J. Rice, 2 bxs. B. C. Starch, 1 bbl. W. T. Salt, 5 bxs. S. Soap, 3 cads P. W. H. Tobacco, 2 cads Briar Tobacco, 1 hf. bbl. W. W. Vinegar.

Accepted, payable at our bank, McCullough & Co's. draft at 10 days' sight in their favor, for the small amount of our purchase of Nov. 1, less 2 per cent. Charge them in the Journal with the allowance.

5. Received cheque from William Carter for $200.00 to apply on account.

Sold J. Ferguson, Malton, Ont., on account at 30 days, 1 per cent.—10 days on sugars, 3 per cent. 10 days on general groceries, 3 bbls. G. Sugar, 281-22, 284-23, 200-22, ¼ doz. XXX Brooms, 2 bxs. S. B. Powder, 2 cases Currants, 2 cases T. Matches, 1 bag Oatmeal, 3 bxs. B. C. Starch, 1 bbl. W. T. Salt.

6. Drew on W. E. Matthews, at 3 days' sight in our favor, for the amount of his purchase of the 1st inst. less 3 per cent., and left the draft at the bank for collection. (Memo).

D. Hoskins withdrew for private use, by cheque, $40.00.

We have instructed the Montreal Refining Co. to deduct 1 per cent. from our purchase of the 3rd and draw on demand for the balance.

8. Purchased 5 tons Furnace Coal at $5.75 per ton, from the City Coal Co., giving cheque in settlement.

Deposited cash $25.00 and Carter's cheque. Bank charges 1-10 per cent. collection on the cheque.

Paid by cheque the demand draft of the Montreal Refining Co. (See Nov. 6).

Purchased draft payable to our order on Sarnia, for amount due W. Brooks & Co., after deducting 1 per cent. Endorsed and remitted same to them. Bank charges exchange, 1-10 per cent. Cheque given in payment.

10 Bought of the Eastern Tea Co. Limited, Montreal, Que., on account 60 days, 5 per cent.—10 days, 3 per cent.—30 days, invoice dated Nov. 8, 10 hf. ch. Y. H. Tea, 65-10, 68-11, 70-12, 64-9, 69-11, 71-12, 66-9, 70-12, 65-10, 73-13, 10 cads. O. Tea, 35-8, 37-9, 36-8, 39-10, 34-8, 38-9, 37-9, 35-8, 39-10, 30-8.

[illegible] Sold W. H. Otter, Aylmer, Ont., on at [illegible] days, [illegible] per cent. [illegible] days, [illegible] dlt. on Y. H. Tea, 95-10, [illegible] pounds O. Tea, [illegible], 37-0, [illegible] doz. XXX Brooms, [illegible] bx. S. B. Powder, [illegible] sack R. Coffee, [illegible] cases L. Matches, [illegible] bbl. Molasses.

[illegible] Received [illegible] from W. Carter for his note due today.

[illegible] E. M. Arthur sends [illegible] draft, [illegible] Dominion Bank, in settlement of his purchase of the 2nd, [illegible] inst.

Sold H. D. Dennis, Brantford, Ont., on account half on [illegible] days net, payable Bank of Commerce, W. [illegible] stock, balance [illegible] per cent. [illegible] days. O. Tea, [illegible], [illegible], [illegible] bbls. W. T. Salt, [illegible] bxs. S. Soap, [illegible] cads. P. W. H. Tobacco, [illegible] cads. Briar Tobacco, [illegible] bbl. W. W. Vinegar, [illegible] bxs. V. Raisins, [illegible] bbls. G. Sugar, [illegible], 204-23, [illegible], 280-21, [illegible], 203-23, [illegible].

[illegible] W. Westervelt withdrew for private use, by cheque, $30.

[illegible] Bank reports having collected the draft on W. T. Matthews left with them on the 6th, collection [illegible] per cent. Proceeds credited.

Sold D. A. Parker, Belleville, on account at 60 days, 3 per cent. 15 days, 5 doz. XXX Brooms, [illegible] boxes S. B. Powder, [illegible] sacks R. Coffee, [illegible] bbl. bbls. Molasses, [illegible] cases L. Matches, [illegible] sacks L. Rice, [illegible] bbls. W. T. Salt.

Deposited McArthur's draft received yesterday.

W. H. Otter returns [illegible] dlt. on Y. H. Tea, 95-10. Mr. Otter claims his order of the 11th inst. was for two bbl. chests.

[illegible] Bought of S. T. Wilks & Co., Ottawa, on 15 day note, payable at our bank, invoice dated Nov. [illegible], [illegible] doz. XXX Brooms, [illegible] cases cassareets, 25 cases L. Matches, 10 sacks L. Rice, [illegible] boxes [illegible] Raisins, [illegible] bbls. Y. Sugar, 340-21, 343-23, 342-21, 330-20, 344-21, 349-23, 342-22, [illegible], [illegible], [illegible].

[illegible] Received from J. Ferguson his cheque in payment of goods purchased on the 5th inst. Discount disallowed as not calculated with the terms.

[illegible] Sold W. T. Matthews, Grovehurst, Ont., on account 30 days, [illegible] per cent. 15 days, [illegible] sacks L. Rice, 10 boxes V. Raisins, [illegible] bbls. W. T. Salt, 5 boxes B. C. Starch, 10 boxes S. Soap, [illegible] cads O. Tea, 348, [illegible].

Paid freight bill [illegible] cash $3.00. (Freight Acct.)

[illegible] D. Hoskins appropriated for private use [illegible] cad. O. Tea, 30-10. Cost price.

Received from W. Carter on account, cheque $500, and note payable at the Imperial Bank, Weston, at 10 days for $75.

Made arrangements with McCullough & Co. to pay $100 by cheque on our acceptance maturing today, and for $[illegible] at [illegible] day note, payable at our bank, for the balance. The new note includes interest for 45 days at 7 per cent.

[illegible] Sold A. D. Fisher, Caledonia, Ont., on account [illegible] days, 3 per cent. 10 days, 3 bbls. Y. Sugar, 344-22, 339-20, 341-22, 3 bbl. [illegible] Y. H. Tea, 98-11, 90-11, 70-10, 6 doz. XXX Brooms, 1 sack R. Coffee, 5 cases L. Matches, 2 bags O. meal, 5 boxes V. Raisins, 5 boxes B. C. Starch, 4 bbls. W. T. Salt.

Deposited the cheques received from Carter and Ferguson and $50 in cash.

[illegible] Bought of the Montreal Refining Co., Montreal, Que., on account, subject to sight draft in 5 days, less [illegible] per cent., invoice dated Nov. 17, [illegible] bbls. G. Sugar, 200-22, 204-23, 201-21, 280-21, 203-22, 202-23, 205-23, 202-21, 204-23, 200-20.

[illegible] Sold D. A. Parker, Belleville, Ont., on account at 60 days, 3 per cent. 15 days, 3 bbls. Y. Sugar, 340-21, 343-23, 344-21, [illegible] boxes S. Soap, 10 cads. P. W. H. Tobacco, 10 cads. Briar Tobacco, 3 bbl. bbls. W. W. Vinegar, 4 boxes B. C. Starch.

Received from R. Campbell on account his cheque for $75, and a ten day note for $125 payable at the Molsons Bank, Exeter.

23. Paid by cheque [illegible] per cent premium on $5000 fire insurance placed with the Quebec Ins. Co.

Gave H. T. Gough on account our 15 day note, payable at the Bank of Commerce, for $100.

24. Accepted, payable at our bank, the Montreal Refining Co.'s sight draft drawn in their favor for purchase of the 20th. See terms of purchase.

Sold J. B. McArthur, Uxbridge, Ont., on account at 60 days, 3 per cent. 15 days, 3 bbls. G. Sugar, [illegible], 284-[illegible], [illegible]-21, 2 bbls. Y. Sugar, 342-22, [illegible], 3 doz. XXX. Brooms, 3 cases Currants, [illegible] sacks J. Rice, 2 boxes V. Raisins, 5 boxes S. Soap.

26. Drew on H. D. Dundas at 40 days for the amount of his purchase of the 2nd inst. Had the draft discounted at the bank (7 per cent). Proceeds placed at our credit.

Paid freight bill of $13.75 by cheque.

27. Our acceptance favor of the Montreal Refining Co. has been charged to our account at the bank.

Withdrew from bank for office use $75.

29. Sold W. E. Matthews, Gravenhurst, Ont., on account 30 days, 2 per cent. 15 days, 1 hf. bbl. Molasses, 2 doz. XXX Brooms, 1 case Currants, 1 sack J. Rice.

Peter Chisholm renewed his note maturing to-day. We received cash $125.15 and a new note at 2 months, bearing interest at 8 per cent., payable at the Bank of Hamilton, City, for the balance.

30. Received cheque from W. Carter for his note due to-day.

Paid the Bookkeeper $50 cash in full for one [illegible] his services.

POSTING, NOVEMBER.

All accounts to have one-quarter of a page. Before proceeding to post compare, with your Teacher, the footings of Merchandise, also the Cash and Bank balances. When this has been done take a trial balance. Do not close any accounts in November.

BUSINESS TRANSACTIONS FOR DECEMBER.

1. Bought of W. Brooks & Co., Sarnia, Ont., on account at 30 days, 2 per cent. 10 days, invoice date Nov. 28, 25 tins M. Coffee, 10 hf. bbls. Molasses, 7 bxs. S. B. Powder, 8 bags Oatmeal, 45 bxs. S. Soap, 25 bxs. B. C. Starch, 20 cads. P. W. H. Tobacco, 25 cads Briar. Tobacco, 20 bbls. W. T. Salt.

Drew on D. A. Parker at 40 days for one-half the amount of his purchase of Nov. 13. Had draft discounted (7 per cent.) at bank and proceeds placed to firm's credit.

Deposited cash $175, Campbell's cheque received the 22nd ult. and Carter's cheque received on the [illegible]th ult. Collection charged $\frac{1}{10}$ per cent.

Discounted (7 per cent.) E. Rossiter's note due Dec. 12. Bank placed proceeds to our credit. Collection at $\frac{1}{10}$ per cent is charged on the face of the bill.

2. Sold J. Ferguson, Malton, Ont., on account at 30 days, 3 per cent. 15 days, 10 tins M. Coffee, 4 bags Oatmeal, 3 sacks J. Rice, 5 bxs. V. Raisins, 2 bbls. Y. Sugar, 338-19, 345-23, 2 cads. O. Tea, 37-9, 35-8.

J. D. Edwards of Port Hope, Ont., drew on the firm at 10 days for $163.94. The firm at first declined to accept the paper as they are not indebted to Mr. Edwards. It however transpires that the draft is for a private debt of Mr. Hoskins and it is duly accepted.

Received from W. Carter his note at two months, payable at the Imperial Bank, Toronto, with interest at 8 per cent. in full of account.

3 Our account with S. F. W. Brown & Co., due to-day, has been charged to our account in the Bank Sent to E. M. Arthur & Co., Toronto, on account of [illegible] per cent. [illegible] days, [illegible] tins M. Coffee, [illegible] boxes L. Matches, [illegible] boxes R. C. Starch, 1 bbl. W. I. Syrup, 5 boxes S. Soap. [illegible] Y. H. Tea, [illegible]

4 Received [illegible] from L. W. Hodson for [illegible] and not due to-day.

5 Sold W. H. Olney, Vienna, Ont., [illegible] per cent. [illegible] days, [illegible] boxes S. B. Powder, [illegible] bbls. Molasses, 5 boxes L. Matches, [illegible] boxes R. C. Starch, [illegible] boxes S. Soap.

Discounted Campbell's [illegible] Bank for $[illegible] and the draft to him for acceptance.

7 Bought of Montreal Refining Co., Montreal, Que., [illegible] days, [illegible] per cent., [illegible] days, [illegible] dated Dec. [illegible] bbls. G. Sugar, [illegible], [illegible], [illegible], [illegible], [illegible], [illegible]; [illegible] bbls. Y. Sugar, [illegible], [illegible], [illegible], [illegible], [illegible], [illegible]; [illegible] S. Sugar, [illegible], [illegible], [illegible].

Received from W. I. Matthews a draft on Toronto in payment of his purchase of Nov. 29, [illegible] per cent.

8 Received from R. Campbell a draft on the Molsons Bank, Toronto, in payment of his note due Dec. [illegible]

Sold H. D. Douglas, Brantford, Ont., [illegible] days, [illegible] per cent., [illegible] days, 3 bbls. G. Sugar, [illegible], [illegible], 2 bbls. Y. Sugar, [illegible], [illegible], 2 doz. XXX Brooms, 2 boxes M. Coffee, [illegible] L. Matches, 1 bag Oatmeal.

Paid freight bill to date, [illegible]

9 Deposited Hodson's [illegible] and drafts received from McPherson and Campbell.

Paid the Globe Printing Co., [illegible] for advertising.

10 Received from R. Campbell a draft [illegible] the [illegible] for acceptance. The acceptance is dated Dec. [illegible] and is made payable at the Molsons Bank, Exeter.

11 Sold W. Coates, Weston, Ont., [illegible] days, [illegible] per cent., [illegible] days, 2 cases Currants, 2 [illegible] Molasses, [illegible] L. Matches, 2 bags Oatmeal, 3 boxes V. Raisins, 3 bbls. W. I. Sugar, 5 boxes S. Soap.

14 Accepted payable [illegible] days' draft drawn by the Montreal Refining Co. in their favor [illegible] of the 7th.

Paid [illegible] in favor of H. D. Douglas due to-day.

Sold H. D. Douglas [illegible]

15 Received L. Rousseau's [illegible] note [illegible] W. [illegible] drew on him at [illegible] days, [illegible] the exchange [illegible] per cent. Proceeds credited.

Bought of the Lowry Tea Co., Montreal, Que., [illegible] days, [illegible] per cent. in [illegible] days, [illegible] dated Dec. [illegible] chest Y. H. Tea, 68-11, 95-10, 7[illegible], 66-10, [illegible], 68-1, [illegible], 7[illegible] pounds O. Tea, 30-8, 34-7, 38-10, 35-7, 37-6, [illegible] 7[illegible], 8[illegible], 40-8.

13 Paid water rates, [illegible] cheque.

Sold P. Campbell, Exeter, Ont., [illegible] days, [illegible] per cent. [illegible] days, [illegible] bbls. G. Sugar, [illegible], [illegible], [illegible] Y. H. Tea, 7[illegible], 65-[illegible] pounds, O. Tea, 30-8, 34-70, [illegible] pounds P. W. H. Tobacco, [illegible] pounds Boat Tobacco.

15 Our [illegible] Lester Tea Co., London, [illegible] note payable [illegible] bank in full of invoice of Nov. 10.

Learn from [illegible] through Bradstreet's Agency that R. Campbell, of Exeter, has made an assignment to C. B. Armstrong, of London. What right may the firm exercise in regard to this assignment of the 13th?

Paid by cheque [illegible] acceptance in favor of J. D. Edwards, due to-day.

H. D. Douglas writes that he can pay only one-half of his note due to-day in Woodstock, and asks us to have the bank hold the note three days. We agree to his request.

17. Sold J. Ferguson, Malton, Ont., on account at 60 days, 3 per cent., 15 days. 2 bbls. Y. Sugar, [illegible], 2 bbls. G. Sugar, [illegible], 2 bxs. S. Soap, 1 bbl. W. T. Salt, 1 box B. C. Starch.

Our right of Stoppage in Transitu having been exercised in re Campbell the Railroad Co. deliver to us the goods shipped him on the 13th.

19. We are credited at the bank with the proceeds of H. D. Dundas note left with them on the 11th. Collection [illegible] per cent.

20. W. H. Otter gives us in payment of his purchase of the 11th ult., cash for one-half and note at 30 days payable at the Traders Bank, Aurora, for the remainder.

22. Sold W. T. Matthews, Gravenhurst, Ont., for spot cash 4 per cent. discount, 2 tins M. Coffee, 2 bxs. V. Raisins, 2 bbls. G. Sugar, [illegible].

Charged R. Campbell with the amount of his note due to-day.

23. The bank has charged to our account our note favor of R. Millman due to-day.

A. D. Fisher gives us in settlement of his purchase of Nov. 4th cheque for one-half and his 10 day sight draft on A. Blanchard for the remainder. Mr. Blanchard accepts the draft payable at the Bank of Hamilton, Hamilton, Ont. Acceptance dated Dec. 23.

26. Received cheque for 65c on the dollar from C. B. Armstrong, London, assignee of R. Campbell's estate. (Charge loss to Bad Debts.)

27. Paid freight bill to date by cheque, $21.35.

Sold D. A. Parker, Belleville, on account at 60 days, 3 per cent., 15 days. 2 cads. P. W. H. Tobacco, 3 cads. Briar Tobacco, 1 ft. bbl. W. W. Vinegar, 2 cads. O. Tea, 38-9, 35-7.

29. Received cash from W. Carter for one-half his purchase of the 11th inst.

30. Paid by cheque our note favor of McCullough & Co. due to-day.

Paid Bookkeeper his salary for month, by cheque.

Deposited cash $[illegible] and cheques of Fisher and Armstrong. Collection 1-10 per cent.

Mdse.:

INVENTORIES

16 doz. XXX Brooms, 10 cases S. B. Powder, 3 sacks R. Coffee, 6 sacks M. Coffee, 6 cases Currants, 9 ft. bbls. Molasses, 11 cases L. Matches, 8 bags Oatmeal, 3 sacks J. Rice, 4 boxes V. Raisins, 48 boxes B. C. Starch, 15 bbls. W. T. Salt, 39 boxes S. Soap, 25 cads. P. W. H. Tobacco, 30 cads. Briar Tobacco, 4 ft. bbls. W. W. Vinegar, 16 bbls. G. Sugar, 292-21, 294-23, 284-17, 295-22, 290-22, 287-17, 296-21, 296-21, 294-22, 289-2[illegible], 295-22, 290-20, 290-21, 280-19, 294-22, 295-20, 13 ft. ch. Y. H. Tea, 68-11, 69-10, 65-10, 68-11, 71-12, 65-10, 66-9, 73-12, 64-8, 65-10, 70-10, 71-12, 65-10, 9 cads. O. Tea, 36-8, 37-9, 38-10, 35-7, 36-8, 39-10, 36-8, 34-7, 34-7, 6 bbls. Y. Sugar, 346-23, 344-21, 347-22, 338-19, 345-22, 337-19.

Expense: December rent due and unpaid; office stationery on hand, $15.00; unexpired fire insurance, $31.25.

Interest: Calculate to date interest on all interest bearing notes.

Accounts Receivable: Allow 10 per cent. for possible Bad Debts.

Salary: Credit Mr. Hoskins with two months' salary.

POSTING, DECEMBER.

Allow one-quarter of a page for each new account. See that your books are ruled and footed. Be careful that all folios are shown and footings posted. Compare the footings of Merchandise, and the Cash and Bank balances, with Teacher. Afterwards take a trial balance, and prepare a statement of the Losses & Gains, and Resources & Liabilities, and close the entire ledger.

Retail Business.

[illegible] has, up to this point, been engaged in entering up Books in [illegible] Wholesale and Jobbing Houses. We shall now show a very practical [illegible] recording the business of a Retail Dry Goods Merchant.

The Books used in the retail concern must be such as will adapt to the work being shown in detail. In this case there will be used the following set: Journal, Cash, Order, Bill and Purchase Books, together with Sales and General Ledgers.

ORDER BOOK (OR BLOTTER)

WEDNESDAY, JANUARY 2nd, 19[illegible] — Order 1[illegible]

	L. Brown,	10 West Ave.			
	10 yards Cotton,	.08		80	
	5 " Print,	.12		60	
	3 spools Thread,	.04		12	
					1 52
2					
	Thomas White,	Barton			
	5 yds. Red Flannel,	.35	1	75	
	2 spools Thread,	.04		08	
	3 doz. Buttons,	.05		15	
					1 98
3					
	Mrs. E. Lovell,	14 Charles St.			
Paid	5 yds. Cassimere,	.40	2	00	
	2 " Velvet,	.40	1	80	
4			3	80	
	Matthew Thomas,	151 Grove St.			
Paid	5 yds. Tweed,	.80	12	00	
	10 " Linen,	.60		00	
			12	00	
	Mess. Credit				3 50

Order Book:

This book is [illegible] to the Sales Book, with which it [illegible] the folio. You will observe that goods which are paid for at the time of the sale are marked "Paid," and that the amount is kept in the "Order" column.

At the end of the month, or at any time it may be desired, the Order Book is totalled, and the goods sold on account (as shown in the "Order" column) are posted to each customer debited in the Sales (or Customers') Ledger, for the amount of his purchase.

Many bookkeepers treat the Sales (or Customers') Ledger, in such a manner as to be entirely independent of it, and showing a true balance. If this is done the entry for the footing of the Order Book would be "Accounts Receivable, To Mdse.," still charging in the Sales Ledger, each customer for the amount purchased.

PASS BOOK.

J. Brown
Fol.

J. Brown, in account with Student & White

19 May.	1	10 yds. Cotton at 8c		8
		5 " Print at 12c.		60
		3 Spools Thread at 4c.		12
"	4	5 yds. Red Flannel at 35c	1	75
		2 " Farmer's Satin at 40c.		8
		1 paper of Pins.		[illegible]
		5 yds. Braid at [illegible]		[illegible]
"	8	By Cash	4	[illegible]
			2	50
		Balance	1	72
"	8	5 yds. Cashmere at 40c	2	00
		10 " Cotton at 6c		60
		3 " Lining at 10c.		30

When a Pass Book is used, it bears the name and page of the Customer's account in the Ledger. The items in it are also found in the customer's account.

CUSTOMERS' LEDGER.

J. Brown, 10 East Ave.

19 May.	1	10 yds. Cotton, .80, 5 yds. Print, .60, 3 spools Thread, .12.	1	52		
"	4	5 " Red Flannel at 35c., $1.75, 2 yds. Farmers' Satin, .80	2	55		
		1 paper Pins, .05, 5 yds. Braid, .10.		15		
"	8	By Cash on account			2	50
"	8	5 yds. Cashmere, $2.00 10 yds. Cotton, .60	2	60		
		3 " Lining, .30		30		
"	31	By Cash in full			4	62
			7	12	7	12

The ordinary form of ledger ruling may be used when recording accounts with customers, but owing to the limited space therein in which to enter the goods sold we give the form outlined above.

As was suggested in the Order Book, the Sales Ledger is often kept as an independent book. In this case an account called Accounts Receivable is opened in the General Ledger to represent the Sales Ledger. By this method it will be seen that a trial balance may be taken without reference to the Sales Ledger.

Cash Book:

Use columns on the debit side for "Cash Sales" and "General," and on the credit for "Expense" and "General." If the pupil follows the plan of keeping an Accounts Receivable account in the General Ledger, a column with that heading ought to be kept in this book.

Other Books:

Any transactions affecting the Journal, Bill or Purchase Books will be entered as usual. The Bank Account is to be handled as cash, you will therefore rule cap paper with date and money columns, and write up the bank transactions as they occur.

BUSINESS TRANSACTIONS FOR JANUARY

1 Student and J. White have this day formed a copartnership for the purpose of conducting a Retail Dry Goods Business. They agree to share equally in gains or losses. Student invests Cash $2,000, Inventory of Dry Goods $5000, and Farm Produce $500. J. White invests Cash $6000.

Deposited in the Bank of Commerce $7000 (memo.). Paid sundry items of expense per cheque $15.

Sold J. Brown on acct., 10 yds. Cotton at 8c., 5 yds. Print at [illegible], 3 spools Thread at 4c.

3 Received of R. McKay & Co., Toronto, invoice of 10 pcs. Red Flannel, 30 yds. each, at 35c., 5 pcs. Bleached Cotton, 60 yds. each, at 8c.

4 Bought of Thomas White, 500 lbs. Butter at 13c., 20 doz. Eggs at 12c., sold him 5 yds. Red Flannel at 35c., 2 spools Thread at 4c., 3 doz. Buttons at 5c.

(Open [illegible] account for "Farm Produce" and charge it with such purchases as the above.)

Sold J. Brown on acct., 5 yds. Red Flannel at 35c., 2 yds. Farmers' Satin at 40c., 1 paper of Pins at [illegible], 5 yds. Braid at 2c.

Cash sales to-day $75.5[illegible]. Deposited $500.

7 Received of R. McKay & Co., Toronto, invoice of [illegible] pcs. Brown Silk Velvet, 40 yds. each, at 60c., 2 pcs. Cashmere, 30 yds. each, at [illegible].

Paid freight bills, on invoices of the 3rd and 7th, per cheque $7.50.

Bought of W. Smith, 7th Concession of Barton, 200 lbs. Wool at 25c., gave him a cheque for $[illegible] on acct.

Delivered these paid orders to-day:

Mrs. J. [illegible], 5 yds. Cashmere at 40c., 2 yards Velvet at [illegible].

Mrs. Thomas, 15 yds. Tweed at 80c., 6 yds. Lining at [illegible].

Mrs. W. Jackson, 14 Park St., 6 yds. Cashmere at [illegible], 2 yds. Waist Lining at 15c., 5 yds. Skirt Lining at 12c., 5 yds. Braid at 3c., 2 yds. Canvas at 13c.

Cash Sales not including paid orders $22.70.

8 Deposited in the bank $[illegible].

Received of J. Brown, cash on account, $2.50.

Accepted R. McKay & Co.'s draft at [illegible] sight, for invoice of the 3rd inst., $[illegible].

Bought of Thomas White on account 200 lbs. Wool, at 23c.

Delivered these orders on account to-day:

J. Brown, [illegible] East Ave., 5 yds. Cashmere at 40c., 10 yds. Cotton at 6c., 3 yds. Lining at 10c.

Timothy Martin, 10 yds. Tweed at 90c., 1 doz. Buttons 10c., 6 yds. Farmers' Satin at 40c.

Cash sales per [illegible] $[illegible].

Sold the Hamilton Wool Co., for spot cash, 250 lbs. Wool at 28c.; the cheque received was put in the safe, a ticket for Farm Produce marked $70.00 was put in the till with cash sales.

Gave Thomas White cheque for $[illegible], and a note at 30 days for balance of account.

One piece Velvet, [illegible] yds., bought of R. McKay & Co. on the 6th, was found damaged; we returned it and received Credit Note.

Paid [illegible] of Butter, [illegible] at 15c., and 800 lbs. Wool at 22c.

Delivered these orders to-day:

Timothy Martin, 6 yds. Velvet at 90c., 6 yds. Lining at 10c.

J. Williams, [illegible] yds. Tweed at 85c., [illegible] yds. Satin at 45c., [illegible] doz. Buttons 10c., 3 spools of Thread at 4c.

Shipped to Toronto, to Lake & Co., on account [illegible] lbs. Butter at 18c.

Cash Sales including Farm Produce sales $1,[illegible].

Deposited all cash on hand.

9 Sold the Hamilton Wool Co. on account, 1000 lbs. Wool at 20c.

Received of T. Martin, J. Brown and J. Williams cash to balance their accounts to date.

INVENTORIES.

Mdse : $4991.00. **Farm Produce :** $47[illegible]

POSTING, JANUARY

Give all accounts one-quarter of a page each. Use Journal paper for a Customers' Ledger. Prepare Trial Balance and Statements and have your work approved by teacher.

RESULTS

Net Gain	$ 162.04
Cash on hand and in bank	7,935.46
Liabilities	204.42
Balance in bank	7,902.82

Shipping Business.

Merchants and others who buy goods and ship them at their own risk to agents or commission merchants to dispose of for a certain percentage on the sales, or a certain amount per pound or bushel, are conducting a Shipping Business. Merchants not finding ready sale for their goods frequently ship at their own risk.

The person who ships the goods is called the Shipper or Consignor, the one to whom the goods are shipped is called the Commission Merchant, Agent, or Consignee.

The goods shipped (not sold) are usually entered at cost on the Shipper's books of account by the title *Shipment* or *Adventure* followed by the name of the party to whom the goods have been shipped, and the number or letter used for the purpose of distinguishing each Shipment. After the goods have been sold or otherwise disposed of by the *Consignee*, he becomes indebted to the *Shipper*, and as is customary makes out a detailed statement of the sales, the expenses and other charges incurred, and sends it to the Shipper. This statement is called an *Account Sales*. The difference between the total charges and the total sales is called the *Net Proceeds*, which is the amount due the Shipper.

The principles governing the debit and credit of this account are now given.

SHIPMENTS.

Debit Shipments.	Credit Shipments.
For [illegible] (at cost) of the goods shipped; For any charges such as prepaid freight, cartage, [illegible]	For the amount of the net proceeds as shown on the [illegible] For any return of goods which had been previously charged to the Shipment. For any advances and remittances received on account of the shipment.

SUMMARY.

Shipments are debited for their cost.	Shipments are credited for their net proceeds.

EXAMPLES IN SHIPMENTS

(a) Shipped W. J. Roddick, Brantford, to be sold on a commission of 5 per cent., 50 bskts Peaches at 40c.

(b) Shipped W. Brown, Port Hope, to be sold on my account and risk, 200 bskts Grapes at 12c., prepaid freight on same $2.

(c) Made a 2nd shipment to W. J. Roddick, comprising 200 baskets Peaches at 35c., pr paid freight per cheque $4.

(d) W. J. Roddick renders an account sales No. 1, of the 1st shipment, remitting the net proceeds $27, per Bank Draft.

(e) Received from W. Brown, partial returns of the shipment, as per account sales (100 baskets unsold), the net proceeds, $15, to be charged to his account.

(f) Received full returns of 2nd shipment to W. J. Roddick, as per account sales, the net proceeds, $60, having been remitted per cheque.

The corresponding Journal entries for the above examples are:

(a)	Ship't. to W. J. Roddick, No. 1.	Dr.	20	
		To Mdse.		20
(b)	Ship't. to W. Brown. Dr.		20	
		To Mdse.		24
		" Cash.		2
(c)	Ship't. to W. J. Roddick, No. 2.	Dr.	74	
		To Mdse.		70
		" Bank.		4
(d)	Cash. Dr.		27	
		To Ship't. to W. J. Roddick.		27
(e)	W. Brown. Dr.		15	
		To Ship't. to W. Brown.		15
(f)	Cash. Dr.		60	
		To Ship't. to W. J. Roddick, No. 2.		60

The Ledger entries for the opening and closing of the above accounts, affecting shipments, are given in the following illustrations.

SHIP'T. TO W. J. RODDICK, No. 1, BRANTFORD, ONT.

Date.		Fol.			Date.		Fol.		
"	To Mdse.	Fol.	20	00		By Cash		27	00
	" Loss and Gain	Fol.	7	00					
			27	00				27	00

SHIP'T. TO W. BROWN, PORT HOPE

Date.		Fol.			Date.		Fol.		
"	To Sundries	Fol.	20	00	"	By W. Brown	Fol.	15	00
	" Loss and Gain	Fol.	1	00		Inventory		12	00
			27	00				27	00
Date	To Inventory		12	00					

SHIP'T. TO W. J. RODDICK No. 2.

Date		Fol.			Date.		Fol.		
	To Sundries	Fol.	74	00		By Cash	Fol.	60	00

IN CLOSING A SHIPMENT ACCOUNT, NOTE THE FOLLOWING

(a) If an Account Sales has been received for partial sales, shipment is credited with the net proceeds of the partial sales, and also with the unsold goods represented by the term "By Inventory." The excess of the debit would now show a Loss; the excess of the credit, a Gain; and the account would be closed "To" or "By Loss and Gain," the Inventory being brought down in the same manner as an inventory of Merchandise.

(b) If an Account Sales has been received of the entire shipment and the shipment has been credited with the net proceeds, the difference between the two sides of the account would show a Loss or a Gain, and the account would be closed accordingly.

(c) If an Account Sales has not been received, the inference is that no goods have been sold, therefore the shipment account would be left open, or closed "By Balance" or "By Inventory."

INVOICE OF SHIPMENT ON SOLE ACCOUNT

Invoice of Merchandise shipped per *College Transportation Co., [illegible] February,* **19 . and consigned to** *D. Hoskins & Co., Yonge St., Toronto,* **to be sold on account of consignor.**

75 bbls. Apples at 1.50,	112 50	
50 " Salt at 1.25,	62 50	
Paid freight,	6	
		181

A. BLANCHARD,
Consignor.

E. & O. E.
Hamilton, Feby. 6, 19

INVOICE AND ADVICE

Hamilton, *Feby. 6,* 19—

Messrs. Willis & Co.,
Ottawa, Ont

Gentlemen, Below we beg to hand you an Invoice of Shipment sent this day per *Canadian Express Co.,* **to be sold on** *our* **account and risk.**

Consignors. *A. Blanchard & Co.*

200 bskts. Peaches,	at 25c	50	
150 " Grapes,	at 9c	13 50	
			63 50

When goods are shipped, the consignor makes out an Invoice of Shipment, though the goods may not be sold at these prices, and sends it to the consignee accompanied usually by the Bill of Lading or Receipt from the Transportation Co.

This Bill of Lading is made out in duplicate often in triplicate. One copy is retained by the company, one by the shipper, and one sent to the consignee. The company signs one, the shipper signs the other.

BILL OF LADING OR RECEIPT GIVEN TO THE SHIPPER

COLLEGE TRANSPORTATION COMPANY.

Hamilton, *Feby. 6th*, 19

Received from *A. Blanchard* **the undermentioned property, in apparent good order, addressed to** *D. Hoskins & Co., Yonge St., Toronto, Ont.*, **to be sent by the said Company, subject to the terms stated upon the other side of this Shipping Receipt, etc., etc.**

(Here follow regulations made by the Company).

No. of Packages and Description of Goods	Marks.	Quantity or Weight in Lbs.	Back Charges
75 Bbls. Apples.	H. & Co., L.	13,500	
50 " Salt.	H. & Co., L.	10,000	

C. R. McCullough, Agent, College Trans. Company.

SHIPMENT BOOK

Date.		Folio.	Consignee and Particulars						
19— Feb.	6	Shipt. Led.	D. Hoskins & Co., Toronto.						
			75 bbls. Apples	at	1 50	112	50		
		Shipt. Led.	50 " Salt	at	1 25	62	50		
			Coll. Trans. Co., freight prepaid $6.					175	00
19— Feb.	6	Shipt. Led.	Wills & Co., Bank St., Ottawa						
			200 bskts Peaches	at	.25	50			
			50 " Grapes	at	.[illegible]	13	50		
			Can. Exp. Co.					63	50
		Gen. Led.	Shipments						
		Gen. Led.	To Mdse.						
								238	50

CASH JOURNAL FOR SHIPPING BUSINESS.

DR.

Date		Fol.	Acct. Cr.	Explanation	Shipments.	General
19 .						
Feb.	1		To Student	Investment		5,000
"	1		" Imp. Bank,	Cheque No. 1		200
"	12		" Jones & Co. shipt. 1.	Net proceeds	180	
"	12		" H. Stearns, " 3.	Net pro. Cr.	300	
"	12		" H. Cooper " 4.	Net proceeds	120	
					600	5,200
			Shipment Cr.			600
						5,800
Mar.	1		Balance on hand			990 50

CR.

Date.		Fol.	Acct. Dr.	Explanation	Shipments	Purchase	General
19 —							
Feby.	1		B. Imp. Bank	Deposited			4,000
"	1		" Expense	Rent Cr. No. 1			200
"	8		Shipment	[illegible]	9 50		
"	12		" H. Stearns	[illegible]			300
"	27		Miller	[illegible]		300	
					9 50	300	4,500
			Miller, Dr.	[illegible]			300
			Shipment Dr.				[illegible]
			Balance				990 50
							5,800 00

The total of Shipments column is posted to the General Ledger as shown above. Each item in the Shipments column on the debit side is posted to its account in the Shipment Ledger. There are no individual shipments in the Shipments column on the credit side, as the items were posted from the Shipment Book to the Shipment Ledger.

List of Books Required for the Shipping Business

Shipment Book :

[illegible] goods [illegible] shipped [illegible] and [illegible] income [illegible] of the [illegible] freight. [illegible] "Shipments Account" in the General Ledger [illegible] credit [illegible]

[illegible] "Shipment Ledger" and a "Sell" [illegible] for the cost of the [illegible] freight.

Shipment Ledger :

This [illegible] does not differ [illegible] of Ledger, and contains accounts with shipments [illegible] "Shipments Account" in the General Ledger should show the sales [illegible]

General Ledger :

"Shipments Account" in this book represents the Shipment Ledger.

Cash Journal :

This book does not differ materially from the ordinary Journal of Cash Books, but it is set up to receive items which would otherwise be passed through the Journal.

Different Methods of Recording Shipments

1) To pass the shipments through an ordinary Sales Book and credit it when the Account Sales is received. The shipment will thus show the loss or gain.

(2) Some business houses make a memorandum of the shipment in a special book, such as a "Shipment Book" or "Shipment Ledger," and as soon as the Account Sales has been received debit the consignee, if settlement has not been made or the remittance received, and credit Merchandise. The loss or gain would thus be shown through the merchandise account in the usual way. By this method the goods are considered as in stock until the consignee reports.

3) A better method, and one which will commend itself to merchants doing a heavy shipping business, is to have a special "Shipment Book" and a "Shipment Ledger." In the former, each shipment is entered in detail, and posted to the Shipment Ledger. An account for "Shipments" is kept in the General Ledger, through which the total loss or the total gain on all the shipments is shown. The loss or gain on any or all shipments being shown in each shipment account in the Shipment Ledger. This plan is adopted in working the following set.

BUSINESS TRANSACTIONS FOR FEBRUARY.

Proprietor is engaged in buying in job lots for cash, and shipping goods on commission.

Books used: Shipment Book, Shipment Ledger, Cash Journal, and General Ledger.

Student this day commences the Shipping Business, renting the warerooms, No. 12 Princess St., at $200 per month, and invests $5,000 cash. Deposited in the Imperial Bank $4000. Paid rent $200, per cheque.

Bought a job lot of 250 Bicycles for $850 cash; paid freight on same $35.50 per cheque.

5 Made the following shipments to-day:

Jones & Co., No. 1, Hamilton, 5 Bicycles, invoiced at $50 each; freight $2.50.

J. West, No. 2, Port Hope, 3 Bicycles, invoiced at $50 each; freight $1.

Henry Stearns, No. 3, Toronto, 10 Bicycles, invoiced at $50 each; freight $5.

Harry Cooper, No. 4, Dundas, 2 Bicycles, invoiced at $50 each; freight $1.

8 Bought 2 Pianos at $150 each, and 14 Organs at $50 each; gave cheque in payment. Paid for polishing Organs $8.00. Paid freight bills on Bicycles shipped, $6.50 cash.

[illegible] Bought at auction [illegible] Bicycles at [illegible] each

12 Received the following Account Sales today:

Jones & Co., Hamilton, 3 Bicycles, net proceeds remitted, $180.

Henry Stearns, Toronto, 5 Bicycles, net proceeds to my credit, $[illegible]

Harry Cooper, Dundas, 2 Bicycles, net proceeds remitted, $120.

14 Shipped the following, to be sold on a commission of 10 per cent.:

Henry Stearns, No. 5, Toronto, 8 Organs at $60; freight $16.

Jones & Co., No. 7, Hamilton, 2 Pianos at $175; freight $7.

15 Received these Account Sales to-day:

Jones & Co., No. 7, Hamilton, 2 Bicycles, net proceeds remitted, $118.

J. West, Port Hope, 3 Bicycles, net proceeds remitted, $[illegible]

Henry Stearns, Toronto, 5 Bicycles, net proceeds remitted, $275.

17 Paid freight bills on Organs and Pianos shipped the 14th inst. per cheque $[illegible]. Deposited $1000. Paid hired help, cash $18. Sold 2 Organs, spot cash, $[illegible]. Received of Henry Stearns, bank draft for $500, to apply on account.

25 Shipped Jones & Co., No. 7, Hamilton, to be sold on a commission of 10 per cent., 3 Organs, invoiced at $60 each; the freight bill amounts to $6.

27 Bought a job lot of 60 Waterproof Coats for $300 cash, from Morgan & West, Toronto; freight $5.50.

30 Received an Account Sales from Henry Stearns, Toronto, of 4 Organs, net proceeds $265, remitted per bank draft.

30 Paid freight bills $11.50 in cash. (Charge Mdse. with $5.50, and Freight with $6.

INVENTORIES.

Mdse.:

10 Bicycles	$350.	
60 Waterproofs	300.	
3 Organs	180.	
		$830

Shp't.:

Shpt Jones & Co., No. 7		$180.	
" " " 6		357.	
" H. Stearns " 5		240.	
			$783.

POSTING, FEBRUARY.

Give all accounts one-quarter page each.

Results:	Net Worth	$5463.50
	Gain	463.50
	Cash on hand	4.00

Commission Business.

Merchants and agents who sell goods for others receiving as compensation a certain percentage of the sales or a salary are called Commission Merchants.

It frequently occurs that a merchant or agent, in conjunction with his regular business, will receive from wholesalers and manufacturers a lot of goods to sell on commission, thereby using his time, experience and premises to advantage, and at the same time rendering a valuable service to large dealers who are enabled to unload their stock at large and small centres, without much sacrifice. Oftentimes the commission merchant advances money on the goods sent to him to be sold on commission.

The party who receives the goods is called the Consignee or Commission Merchant who must take ordinary care of the goods entrusted to him. The person from whom the goods are received is called the Consignor.

The goods received (not bought) are usually represented on the books of account of the Commission Merchant by the title *Consignment* preceded by the name of the Consignor and followed by a number or letter for the purpose of identification.

The following principles governing the debit and credit of Consignments should be carefully studied.

CONSIGNMENTS

Debit Consignments	Credit Consignments
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

Summary

[illegible]	[illegible]

EXAMPLES IN CONSIGNMENTS

(a) Received from J. Brown, London, to be sold on a commission of 3 per cent., 500 bus. Wheat, invoiced at [illegible].

(b) Received from N. Brisco, Napanee, to be sold on his account and risk, 20 M. feet Pine Lumber at $15. Paid freight on same in cash $35.

(c) Received from J. Brown, London, his second consignment of Wheat, comprising 1,000 bus.

(d) Accepted J. Brown's draft at 30 days for $150, on account of first consignment.

(e) Sold 500 bus. Wheat belonging to J. Brown's first consignment at 75c., for cash.

(f) Sold to J. White on account from Brisco's consignment, 10 M. feet Pine Lumber at $20, and the balance of the consignment for cash at $17.50 per M.

(g) Sold for cash 500 bus. Wheat belonging to Brown's consignment, No. 1, at 76c.; and to R. Jones for cash, 500 bus. Wheat, of Brown's consignment No. 2 at 76c.

(h) Rendered N. Brisco, an account sales of the lumber, charging 5 per cent. commission, piling and calling $10.

(i) Rendered J. Brown, account sales of first consignment, charging 3 per cent. commission, bagging $2, storage $7.50 and remitted amount due per Bank Draft.

(j) Rendered J. Brown, an account sales of the partial sale of the second consignment, (500 bus. unsold) charging 3 per cent. commission, storage to date on all, 1 c. per bus., and remitting net proceeds per cheque on Federation Bank.

THE CORRESPONDING JOURNAL [illegible] FOR THE ABOVE EXAMPLES.

(a) [illegible]

(b)	N. Brisco's Consgt. No. 1 Dr.	[illegible]	
	To Cash		[illegible]
	N. Journal entry [illegible]		
(c)	J. Brown's Consgt. No. 1 Dr.	[illegible]	
	To P. Payable		[illegible]
(d)	Cash Dr.	[illegible]	
	To J. Brown's Consgt. No. [illegible]		[illegible]
(e)	J. White Dr.	[illegible]	
	Cash " "	175	
	To R. Brisco's Consgt. No. [illegible]		375
(f)	Cash Dr.	532	
	To J. Brown's Consgt. No. [illegible]		152
	" " " "		380
(h)	N. Brisco's Consgt. No. 1 Dr.	340	
	To Commission		18 75
	" Charges		10
	" N. Brisco		311 25
(i)	J. Brown's Consgt. No. 1 Dr.	227	
	To Commission		11 31
	" Charges		2 00
	" Storage		7 50
	" Cash		206 19
(j)	J. Brown's Consgt. No. 2 Dr.	380	
	To Commission		11 40
	" Storage		15
	" College Bank		353 60

Explanations of the Journal entry (*h*).

When you received the goods in (*b*) $35 cash was paid and the Consignment debited.

In (*f*) the Consignment was sold, and credited with the $375.

When an account sales is rendered the Consignment account in the Ledger should balance. Draft a ledger and post the above entries in (*b*) and (*f*). **You will see that it would take the sum of $340 to balance the account. Now make the entry (*h*) which when posted would close the Consignment account in the Ledger.**

To find the net proceeds due the consignor, N. Brisco, in (*h*). First add the charges $35 in (*b*), $18.75 and $10 in (*h*). Total charges $63.75. The total sales in (*f*) are $375. The difference between the total sales and the total charges would be the net proceeds, $311.25, which is the amount credited to his account in (*h*).

The Ledger entries for the opening and closing of the above *Consignment* accounts are given in the illustrations following.

Dr. N. Brisco's Consigt. No. 1. Napanee. Cr.

To Cash (b)	35	By Sundries (f)	375
" Sundries (h)	340		
	375		375

J. Brown's Consigt. No. 1. London.

To B. Pay (d)	150	By Cash (e)	225
" Sundries (i)	227	" " (g)	152
	377		377

J. Brown's Consigt. No. 1. London.

To Sundries (i)	380	By Cash (g)	380
500 bus. [illegible]			

In closing *Consignment* accounts in the Ledger, note the following:

(a) If an Account Sales has not been rendered, the excess of the debit would show a Resource; the excess of the credit, a Liability; and the account would be closed "To" or "By Balance," treating it in the same manner as a personal account.

(b) If an Account Sales has been rendered, (for complete sales) the account should balance.

(c) If an Account Sales has been rendered for only a portion of the Consignment, the inventory taken of the goods unsold is entered as a memorandum on the account sales and in the ledger.

We have received an invoice, and a letter of advice from Smith and Co., Grimsby, that they have shipped us goods. The Transportation Co. advise us that the goods have arrived, freight unpaid.

FREIGHT BILL.

Hamilton, *June 6th, 19[illegible].*

Mr. A. Bookkeeper,

To the COLLEGE TRANSPORTATION CO. For transporting the undermentioned freight, billed from *Grimsby.*

Date of W. B. *Way Bill No.* *Car No.* [illegible]

Sender	Packages	Articles	Weight	Rate	Net Freight.	Advances	Total
	10	Strawberries	200				
	5	Gooseberries	100	80			$2 10

Date of [illegible]

Received [illegible]

C. R. McCLELLOUGH, Agent.

When the freight has been paid, the Freight Bill is receipted, and the goods are taken to the Commission House, where, as they are unloaded and arranged, the receiving clerk will enter a full description of the goods, freight and drayage charges in the Receiving Book. The particulars could have been obtained from Invoice of Shipment, or from the Bill of Lading, if on file.

The Receiving Book has the same rulings as an ordinary Journal. In this book are entered the particulars of each Consignment. Postings from this book are made to the General Ledger and Consignment Ledger, as shown in the form.

RECEIVING BOOK.

HAMILTON, JUNE 7TH, 19 .

No. of Cons'g't.	Fol.	Consignee and particulars.	Fol.		
5		I. Smith & Co., Grimsby.			
		10 crates, 240 boxes, Strawberries			
		5 " 120 " Gooseberries			
		Coll. Trans. Co., Freight		2 10	
		Drayage		50	2 60
6		W. Sinclair, Beamsville.			
		10 crates, 240 boxes Raspberries			
		20 pails Cherries			
		H. G. & B. Ry. Co., Freight prepaid			
		Drayage			50
		Consignments Dr			
		To Freight			3 10

When Consignments are made Dr. To Freight, another entry when the freight and drayage bills are paid, is made in the Cash Book, debiting Freight which is posted to Freight account in the General Ledger.

Each of the above Consignments may be entered in a Consignment Ledger (see form) where a separate account for each is kept, and in which are entered all the particulars enumerated in the Receiving Book. The freight and drayage charges paid are posted to the debit of each Consignment account. Other entries affecting each Consignment are posted from the Cash Journal, and Sales Book. The total of the Receiving Book is posted to the debit of Consignments account in the General Ledger as explained above.

SALES BOOK.

HAMILTON, JUNE 10, 19[illegible].

No. of Consignment	Folio			Total.	Distribution Com. Sales.	Distribution Mdse. Sales.
		Battram & Co.,	City			
5		5 crates, 120 boxes Strawberries	[illegible]	[illegible]		
6		10 pails Cherries	75c	7 50	13 50	
		10 doz. Jars	95c	[illegible] 50		[illegible] 50
				[illegible]		
		Hazel & Son,	City			
5		5 crates, 120 boxes Strawberries	[illegible]	[illegible] 00		
5		5 " 120 " Gooseberries	[illegible]	4 80	10 80	
		20 doz. Jars	[illegible]	[illegible] 00		19 00
6		6 crates, 240 boxes Raspberries	[illegible]	8 40	8 40	
				38 2[illegible]		
		Consignment of Com. Sales Cr.			32 70	
		Mdse. " Mdse. " Cr.				28 50

Sales [illegible] Battram & Co. [illegible] made from our own stock, and from Nos. 5 and 6, the Consignment [illegible] must be credited in the Consignment Ledger from the Sales Book. Battram & Co. [illegible] debited in the General Ledger with the total sale, and Consignment [illegible] Mdse. [illegible] credited in the General Ledger as shown in the above Sales Book.

CONSIGNMENT LEDGER

No. [illegible] T. SMITH & CO., GRIMSBY.

19 June	7	Consignment No. [illegible]		19 June	By 5 crates Straw. S.B. [illegible]	[illegible] 00
		Crates, [illegible] boxes			[illegible]	
		Strawberries			By 5 crates Straw. S.B. [illegible]	[illegible]
		5 crates [illegible]			[illegible]	
		Gooseberries			By 5 crates Gooses. S.B. [illegible]	[illegible] 80
	7	[illegible] C.B.			[illegible]	
		[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
			[illegible]			16 80

No. 6. W. SINCLAIR, BEAMSVILLE.

19				19			
June	8	Consigned No. 6.		June	10	By 10 pails Cherries S.B.	7 50
		10 crates, 240 boxes		"	10	" 10 crates Rasp-berries S.B.	8 40
		Raspberries					
		10 pails Cherries					
		Drayage, paid C.B.	50				

The debit or the credit balance of each consignment in the Consignment Ledger would represent respectively a resource or a liability. The difference between the debit and the credit sides of *Consignment* account in the General Ledger would represent a resource or a liability.

All the goods belonging to T. Smith and Co's Consignment having been sold, an Account Sales is now made out, (see form) from which the Account Sales entry is made, debiting the Consignment for storage, commission, other charges if any, and the amount remitted the Consignor in cash. When this has been done the consignment is closed as above.

ACCOUNT SALES ON SOLE ACCOUNT.

ACCOUNT SALES

Hamilton June 15th, **19**

Messrs. T. SMITH AND CO.,
Grimsby, Ont.

Below please find account of sales by A. Blanchard **of** 10 crates Strawberries and 5 crates Gooseberries **Received** June 7th, 19–, **via** College Transportation Co., **and sold for account of** T. Smith & Co. on their own account and risk, on a commission of 5 per cent. **sale No.** 5, **Folio**

19		SALES		
June	10	Sold Battram and Co., on account, 5 crates, 120 boxes Strawberries @ .05c.	6 00	
"	10	Sold Hazell & Son, City, on account, 5 crates, 120 boxes. Strawberries @ .05c.	6 00	
		Sold Hazell & Son, City, on account, 5 crates, 120 boxes. Gooseberries @ .04c.	4 80	16 80

CHARGES.

Freight.	Dray.	Storage.	Ins.	Com.	Other charges.		
$ 2 10	$ .50	$ .00	$	$ .84	$	4	34

Advances : Net Proceeds. 12 46

Remitted net proceeds in cash.

E. & O. E.

FORM OF CASH JOURNAL.

Date	Fol.	Accounts	Explanation	Consigns	Storage	Com's'n	General
19							
June		To Student	Invested				3300
"	13	" Quebec Bank	Freight bills c'k No. 1				41 75
"	14	" No. 8 consgt.	Sold for spot cash	50			
"	14	" No. 9 "	" "	125			
"	15	" Storage & Com.	Storage, $.90, Com. 5 per cent., $.84		90	84	
"	20	" B. Payable	Acct. of No. 9 consgt.				125
"	2	" Storage & Com.	Storage, $2, Com. 10 per cent., $8		2 00	8 00	
"	21	" R. West	Pro. cr. of No. 7 consgt.				55
				275	2 00	8 84	3521 75
		Commission	"				8 84
		Storage	"				2 00
		Consignments	"				275 00
							3808 49
July	1	To Balance					759 44

COMMISSION BUSINESS.

Proprietor engaged in selling Fruit Jars, and receiving large consignments of fruit which are sold to retailers. Books used: Receiving Book, Sales Book with special columns for commission sales, Consignment Ledger, Cash Journal, Bill Book and Ledger.

BUSINESS TRANSACTIONS FOR JUNE.

Student this day commenced the Commission Business at 247 Sparks St., and invests cash, $3,000; Mdse., $3.00.

1 Deposited in the Quebec Bank, $2,500.

2 Paid sundry items of expense per petty Expense Book, $10.

7 Received the following consignments: E. Smith & Co., Grimsby, 15 crates Berries, 360 boxes. Freight and drayage charges, $.60. (Mark the consignment No. 5). Commission 5 per cent.

8 W. Sinclair, Beamsville, [illegible] crates, 240 boxes Raspberries, 20 pails Cherries. Freight prepaid as per Invoice. Drayage charge 50c. Consignment No. 6. Commission 5 per cent.

1 Paid freight and drayage bills of No. 5 and 6, in cash, $3.10.

Sold Ward & Co., City, on account, from No. 5, 5 crates, 120 boxes Berries at 50c, $6; from No. 6, 1 pails Cherries at 75c, $7.50.

Received these consignments as per Nos.: No. 7, R. West, Hamilton, 200 bus. Potatoes, invoiced at 60c. Freight bill $15. Commission 10 per cent. No. 8, W. Thomas, St. Catharines, 150 bus. Peas, invoiced at 75c. Freight, $11.50. Commission 10 per cent. No. 9, R. Williams, Oakville, 200 pails Cherries. Freight, $15.25. Commission 5 per cent.

FOR COMMISSION SET

Cr.

Date		Fol.	Accounts.	Explanation.	Cons'g'ts		General	
19								
June	1		By Mdse	Goods on hand			300	
"	1		" Quebec Bank	Deposited			2500	
"	10		" Freight	No. 5 and 6 consignment			3	10
"	13		" Freight	No. 7, 8, 9, consignment			41	75
"	15		" No. 5 consignment	Acct. S.; Pro. rem.	14	20		
"	20		" No. 9 "	Accepted draft	125			
"	21		" No. 7 "	Acct. S.; Pro. cr.	65			
					204	20	2844	85
			Consignments Dr.				204	20
			Balance (red)				759	44
							3808	49

Sold C. Black, City, on account, from No. 5, 5 crates, 120 boxes Berries at 5c. $6; 5 crates, 120 boxes Gooseberries at 4c., $4.80; from No. 6, 10 crates, 240 boxes Raspberries at 3½c., $8.40; and from stock, 30 doz. Jars at 95c., $28.50.

13. Paid freight bills of No. 7, 8 and 9, per cheque, $41.75.

14. Sold for spot cash, all the Peas belonging to No. 8 at $1.00 per bu., and 100 Pails of Cherries marked No. 9 at $1.25.

15. Rendered the following Account Sales: T. Smith & Co., No. 5, Grimsby. Sales $16.80; posted charges, freight $2.10, drayage $.50, unposted charges, storage $.90, commission 5 per cent. on sales $.84; remitted the net proceeds, $12.46, in cash.

W. Thomas, No. 8, St. Catharines. Sales $150; posted charges, freight $11.50; unposted charges, storage $1.50; commission 10 per cent., $15; remitted net proceeds in cash, $122. (Make out these forms.)

20. Sold Ward & Co., on acct., from No. 9, 100 pails Cherries at $1.20, and 20 doz. Jars at 90c.

Sold C. Black, on acct. from No. 7, 100 bus. Potatoes at 80c.

Paid sundry expenses by cheque, $25.

Deposited $300. Received from Ward & Co., their note at 30 days in settlement of bill of the 10th inst.

20. Accepted R. Williams' draft for $125 at 10 days' sight, in favor of Bank of Montreal, payable at the Quebec Bank, on account of No. 9 Consignment.

21. Received of C. Black, cheque to cover bill of the 10th inst., less 5 per cent. discount.

Rendered the following Account Sales: R. Williams, No. 9, Oakville. Sales $245; posted charges, freight $——, advances $——; unposted charges, storage $4, commission 5 per cent. $——; net proceeds placed to his credit $——.

R. West, No. 7, Hamilton. Sales $——; posted charges, freight $15; unposted charges, storage $2, commission at 10 per cent., $8; net proceeds $——, placed to his credit. 100 bus. Potatoes unsold.

25. Received of Ward & Co., to apply on acct., an order on C. Black for $5.

29. Sold C. Black, City, on acct., 100 bus. Potatoes at 75c., the balance of No. 7.

Received of T. Smith & Co., Grimsby, 1 mid consignment, comprising 200 pails cherries invoiced at 90c. Stencilled No. 10. Paid freight bill on same per cheque $15.25.

30. Rendered R. West, an Account Sales for the balance of No. 7. Sales $ ——, storage $2, commission at 10 per cent., $ ——, net proceeds remitted per Bank Draft $95.50.

Accepted R. West's draft at 10 days for the balance of his acct.

Received of Ward & Co., note at 15 days, in settlement of acct.

INVENTORIES.

Merchandise	$275
Goods belonging to No. 10 consgt.	180

POSTING, JUNE.

Give each account one-quarter of page.

Results:	Net worth	$3338.10
	" gain	38.10
	Cash on hand	307.25

The entries in the Cash-Journal are taken from the memoranda of transactions for the Commission Set. The student should follow these entries. The total of each special column will be posted as shown to the General Ledger. Each item in the General column on the Dr. side, will be posted to the credit of its account in the General Ledger; and each item in the General column on the Cr. side will be posted to the debit of its account in the General Ledger. Each item in the Consignment column on the Dr. side, will be posted to the credit of its account in the Consignment Ledger, and each item in the Consignment column on the Cr. side will be posted to the debit of its account in the Consignment Ledger.

Single Entry.

Thus far the student has been keeping his books by Double Entry and has found that, owing to there being in the Ledger a debit for every credit, the latter is continuously in balance if the posting has been completed. Any system of bookkeeping which does not embody this feature of a debit for every credit is termed Single Entry. In its simplest form a Single Entry ledger contains only Personal accounts, consequently the information obtainable from it is limited. In addition to the accounts of customers and creditors a correct record is usually kept of the Cash and Notes, in auxiliary books. In striking contrast to Double Entry, no accounts dealing with the various sources of revenue and expenditure are kept, therefore no itemized statement of losses or gains could be made, so that one using this system of bookkeeping would have to be satisfied with knowing his total gain or total loss as shown by comparing his present capital with that of the preceding year.

Single Entry is seldom used by concerns doing an extensive business, and even the proprietor of a small store finds it to his advantage to adopt the Double Entry system. In order that the student may obtain a knowledge of Single Entry, we have introduced transactions which are to be worked by this method, and in connection with which the method of changing the books to Double Entry has been fully explained.

Books.

The principal books used in Single Entry are the Journal-Day-Book and Ledger. The Cash and Bill Books are usually added as auxiliaries. To obtain the best results other books, such as an Order Book (or Counter Book) for a retail business, or a Sales Book and a Purchase Book for a wholesale business, may be used.

The Journal-Day-Book as it is usually called is a book of original entry and is the principal book of the system. When this is the only book used from which to post, all transactions affecting personal accounts must be entered in it.

The Cash Book may be of the same form as the Journal-Day-Book, using the left hand money column for receipts, the right hand money column for payments, and the single column near the left edge, for dates. The regular double entry form of a Cash Book might be used. All receipts and payments of money are placed in this book but only those affecting *personal accounts* are carried to the Journal, from which book they are taken to the Ledger.

The Bill Book is the same in form as that used in Double Entry.

The Ledger contains, as has been already stated, personal accounts only. A very simple form of Single Entry ledger can be made from ordinary Journal paper, using the left-hand money column for debits or charges against the person, the right-hand money column for credits, and the single column to the left edge for dates; an additional column for folios may be ruled to the left of the debit column. This form is convenient when the accounts in the Ledger are all itemized. If Pass Books are supplied to regular customers, there would be no need to repeat the items in the Ledger account.

The Order or Counter Book is the same in form as used in the Retail Dry Goods business. See form on page 88.

It will be noticed that the Order Book, Journal, Cash Book and Ledger might have the same ruled form.

To the student of accounts who is familiar with journalizing by Double Entry it becomes an easy task to make the proper entries in Single Entry books. In all transactions we would advise that they be mentally journalized in double entry form and if a personal account is debited or credited, then an entry must be made in the Journal, if this is the only book in which we have to post. In the event of no personal account being in the entry, the transaction would go in some auxiliary book.

BUSINESS TRANSACTIONS FOR SEPTEMBER.

Books to be used: Journal, Order Book, Cash Book, Bill Book and Ledger. Bank account to be kept in the Ledger. All posting to be done from the Journal. An Inventory Book may be used or the Journal may be used for this purpose.

J. Giles commences the Retail Grocery Business at the corner of George and Queen streets, taking a lease of the premises for one year at the yearly rental of $600. He invests Cash, $1,500; Groceries, per inventory, $600; Furniture and Safe, $200; Horse and Wagon, valued at $[illegible] (J. & C. B.)

1. Opened an account at the Molsons Bank and deposited $1,300 (J. & C. B.) Engaged Robert White as clerk at a salary of $7 per week. Paid cash for a set of books, stationery and stamps for office use $5 (C. B.) Paid one month's rent of store in advance, per cheque, $50 (J.) Bought of R. Clark on acc't, 25 bus. Potatoes at 40c, 50 bus. Tomatoes at 15c, 20 heads Cabbage at .05c (J.) Cash sales to-day, $5.50 (C. B.)

2. The following orders were received to-day and delivered, on acc't: Charles West, 2, Cannon St. E., 10 lbs. gran. Sugar at 5c, 2 lbs. Black Tea at [illegible], 1 can Dunn's Mustard, 10c, 2 lbs. Raisins at 15c. Fred Lee, 100 Lock St., 1 lb. Black Tea at [illegible], Potatoes, 45c, 2 bus. Tomatoes at 20c, 3 heads Cabbage at [illegible], 2 lbs. Butter at [illegible]. Mrs. J. Thomas, 106 Jackson St. E., 5 bus. Potatoes at 45c, 5 bus. Tomatoes at 20c, 5 heads Cabbage at 6c, 5 lbs. Butter at 20c, 2 lbs. Coffee at [illegible], 5 lbs. Rice at 7c, 3 lbs. Currants at 13c.

Note. [illegible]

Bought 10 lbs. Butter at 20c, and 12 doz. Eggs at 13c, from Jos. Jones, Barton Tp. He took the amount out in trade.

[illegible] Paid R. Cook on acct., per cheque, $[illegible]. (J.) Cash sales, $13.50. (C.B.)

[illegible] Paid orders were delivered today: W. Jackson, No. [illegible] Bay St. N., 5 lbs. Butter at [illegible], [illegible] lbs. Potatoes at 40c., 1 sack Salt, [illegible], 2 bskts. Peaches at $1.25. R. Young, No. 53 Bay St. N., 1 bskt. Plums [illegible], 25 lb. sack Flour, 45c. (O. B. J.) Received from Charles West, $1.00. Deposited, $100.00. (C. B. & J.) Bought of Hazell & Son, on 30 days credit, 3 pc. coal [illegible] 25 days, 1 dl. ch., 70 lbs. V. H. Tea at 50c., 5 mats, 25 lbs. Java Coffee at [illegible]. (J.) Cash sales today including paid orders, $20.00. (C.B.)

[illegible] Sold Henry Wells, No. 140 York St., 1 bskts. Peaches at $1.25, 3 bskts. Plums at $1.00, 5 lbs. Potatoes at 50c., received $2 cash, paid on [illegible] with cash sales, balance to remain on account. (O.B. and J.) Paid cash for a lot of produce, $15.00. (C.B.) Received of Mrs. J. Thomas $2.00 on account. (J. and C.B.) One bskt. of Plums sold to R. Young, on the 3rd inst., was deceived, money refunded. (C.B.) Bought of Ince & Co., Toronto, 10 dbl. chests Japan Tea, 780 lbs. [illegible] at 35c., remitted a Bank Draft for $200.00, balance to remain on account. The draft including 50c. exchange was paid for per cheque. (J.) Paid freight with cash, $3.50. (C.B.) Sold Henry Johns, Beamsville, family supply of groceries, order amounting to $75.00, received a note at 30 days in settlement. (B.B.) Paid R. Clark the balance of his account per cheque. (J.) Paid Hazell & Son for invoice of the 3rd inst., remitting cheque for the amount, less the discount. (J.) The following orders were filled today: Fred. Lee, 170 Lock St., on account, 1 tin Mustard, 10c., 1 can Salmon, 15c., 2 lbs. Rice at 5c., 2 lbs. Raisins [illegible]. R. Young, 53 Bay St. N., paid, [illegible] bskt. Apples [illegible], 1 bskt. Peaches, $1.25, [illegible] Tea at 50c. (O.B. and J.) Cash sales today including paid orders $18.00. (C.B.)

5 Sold Wm. Brown, Burlington, on acct., family supply of groceries amounting to $40.00. (O.B. and J.) Paid cash for [illegible] lbs. Butter at 18c., and 10 bskts. Plums at 75c. (C.B.) Paid insurance on stock of groceries $5.50 (cash). (C.B.) Cash sales per till $7.00. (C.B.) Deposited, $[illegible]. (C.B. and J.)

[illegible] Sold J. White, Stoney Creek, 5 BBls. Flour at $5.75, 1 dbl. chest Japan Tea, 78 lbs. at 65c. Received in payment an order on J. S. Brown, for $20.00; a cheque on the Bank of [illegible], for $[illegible] paid in the till; balance on acct. (J.) Made a draft at 30 days sight on Wm. Brown, Burlington, for $25.00, payable at the Molsons Bank. (Memo.) Discounted Henry Johns's note, dated Sept. [illegible], proceeds placed to my credit in the Bank; [illegible] allowance [illegible]. (J.) The following orders on account were delivered: J. Hickey, 7 Park St. S., 2 lbs. Butter at [illegible], 1 lb. Tea 65c. Fred. Jones, 5 Park S., 1 sack Flour, 5 lbs. 45c., 1 doz. Eggs, 15c. Mrs. J. Thomas, 1 sack Flour, 45c., 1 bskt. Peaches, $[illegible]. (O.B. and J.) Mrs. Thomas paid $2.00 on acct. Paid cash for [illegible], $[illegible]. Paid Robert White, clerk, for services, $7.00 cash. Groceries for the house this week, on account, $[illegible]. (J.) Took $5.00 cash from the till for private use. (J.) Cash sales $[illegible]. (C.B.)

INVENTORIES

Groceries:	First	$[illegible]	
	"	[illegible]	
	"	275.00	
	"	[illegible].28	
	"	[illegible]	
			$[illegible]
Furniture and Safe			200.00
Horse and Wagon valued at			145.00
Rent, prepaid three weeks			37.50

SINGLE ENTRY JOURNAL

LOCATION, Sep. 1, 19

J. Giles this day commenced the Retail Grocery Business, leasing the store at the corner of George and Queen Streets for one year from Moore & Davis at the yearly rental of $[illegible], payable monthly in advance.

J. Giles By the following investment:	Cr.			[illegible]
Cash as per Cash Book		[illegible]		
Groceries per inventory		[illegible]		
Furniture and safe		[illegible]		
Horse and Wagon		[illegible]		
1				
Molsons Bank To deposit	Dr.			[illegible]
1				
Molsons Bank By cheque No. 1 for one month's rent	Cr.			[illegible]
1				
R. Clark By bill of goods purchased this day	Cr.			[illegible] 50
2				
Charles West, 240 Cannon St. E. To 10 lbs. gran. Sugar	Dr.			1 70
" 2 " black Tea	.25		50	
" 1 can Dunn's Mustard	.40		8[illegible]	
" 2 lbs. Raisins	.15		[illegible]	
			30	
2				
Fred. Lee, 176 Locke St To 1 lb. black Tea	Dr.			1 93
" 1 bu. Potatoes			40	
" 2 bu. Tomatoes	.20		45	
" 3 hds. Cabbage	.06		40	
" 2 lbs. Butter	.25		18	
			50	
2				
Mrs. J. Thomas, 106 Jackson St. E. To 5 bus. Potatoes	Dr.			5 80
" 5 " Tomatoes	.45	2	25	
" 5 hds. Cabbage	.20	1	00	
" 5 lbs. Butter $1.00, 2 lbs. Coffee .60	.06		30	
" 5 lbs. Rice .35, 3 lbs. Currants .30		1	60	
			74	
2				
R. Clark To cheque on a/c	Dr.			10
2				
Molsons Bank By cheque No. 2, favor R. Clark	Cr.			1[illegible]
3				

SINGLE ENTRY CASH BOOK

		Cash		D	C
[illegible]		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]		[illegible]
		[illegible]	[illegible]		
		[illegible]	[illegible]		[illegible]
		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]		[illegible]
		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]		[illegible]
				[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]	[illegible]	
		[illegible]	[illegible]	[illegible]	

POSTING, SEPTEMBER

[illegible] Since Single Entry is based on [illegible] personal accounts, it is [illegible] We shall however be able to arrive at the true state of the business as will be shown.

Ascertaining the Condition of the Business

1st. Take an Inventory of the Stock-in-trade, Office Furniture, Horse and Wagon, etc., and enter these in the Inventory or Stock Book.

2nd. From the Cash Book, ascertain the amount of cash on hand and from the Bill Book, the notes on hand, and outstanding respectively.

3rd. Examine the Ledger and ascertain the balance of each account. Debit balances are Resources, credit balances are Liabilities.

4th. Lastly, ascertain if there are any claims against you which do not appear in your books, such as rent due and unpaid, interest accrued, notes outstanding, wages due, etc., these would find a place among the Liabilities. If there are claims in your favor such as unexpired insurance, prepaid rent, and interest accrued on notes in hand, these would be Resources.

The net worth or the net insolvency of a concern is found by taking the difference between the resources and the liabilities. If the resources are the greater, the difference is the net worth or net capital at closing. If the liabilities are the greater, the difference is the net insolvency at closing.

The net gain or loss is found by comparing the net credit of the Capital Account, with the net worth at the close of the year or of the particular period.

STATEMENT OF RESOURCES AND LIABILITIES—SINGLE ENTRY.

		Resources		Liabilities	
From Ledger Book	Government Bonds at [illegible]	[illegible]	[illegible]		
	Dominion Land S[illegible]	[illegible]	[illegible]		
	Horses and Wagons, Carriages, &c.	[illegible]	[illegible]		
	Real Property [illegible]	[illegible]	[illegible]		
From Cash Book	Cash [illegible] Cash Book	37	[illegible]		
From Bill Book	Notes to be [illegible] Bill Book	[illegible]	[illegible]		
From Ledger	Merchant Bills				
	Chattel Mortgages	1178	68		
	Misc. [illegible]		70		
	Food [illegible]	[illegible]	[illegible]		
	Hardware [illegible]	[illegible]	[illegible]		
	Interest Cost [illegible]	5	23		
	Wm. Brown [illegible]			[illegible]	[illegible]
	J. White [illegible]	[illegible]	[illegible]		
	J. S. Brown [illegible]	[illegible]	15		
	J. Hodgey [illegible]	[illegible]	[illegible]		
	Fred. Jones [illegible]	[illegible]	[illegible]		
			06		
	Difference between the Resources and the Liabilities, J. Giles' net worth at closing of period			2457	05
		2680	05	2680	05

J. Giles invested Sept. 1	2430 00	
" " Profit (net, see Ledger)	[illegible]	
" " net credit		$2439 00
" " net worth at closing		2457 05
" " net gain		18 05

Make a Journal entry crediting J. Giles with the gain and post it, then close Giles' Private account into Capital account, close the Capital account as shown, and bring down the balance ready to begin another period. The Bank account may be closed, and the balance brought down. The books are now ready to be continued by Single Entry.

It is deemed advisable as a matter of practice to change the books to Double Entry, and admit a partner.

Change from Single Entry to Double Entry.

The first step taken to effect the change, after all the posting has been done, is to make out a Statement of Resources and Liabilities from which the gain or loss is ascertained. This done, credit the proprietor with the gain or debit him with the loss, and close the proprietor's account and bring down the net worth.

In a Single Entry Ledger only personal accounts are opened. We now make entries in the Journal from the Statement of Resources and Liabilities as shown in the model following, debiting each non-personal account representing a resource, and crediting each non-personal account representing a liability. These entries are posted and a Trial Balance, afterward taken.

ENTRIES FOR IN THE JOURNAL TO CLOSE THE [illegible] FROM SINGLE TO DOUBLE ENTRY

Mdse	Dr	[illegible]	80
To [illegible] on hand			
Office Furniture	Dr	[illegible]	00
To [illegible] per inventory			
House and Wagon	Dr	[illegible]	00
To [illegible] per inventory			
Rent	Dr	[illegible]	00
To [illegible] prepaid			
Cash	Dr	[illegible]	00
To [illegible] on hand			

When posting the above [illegible] Mdse [illegible] and [illegible] accounts [illegible] Profit and Loss [illegible] Statement [illegible] Rent [illegible] Cash [illegible] Rent Dr. To [illegible] on hand, and bills Pay. Cr. by [illegible] and [illegible].

We [illegible] second form of [illegible] which finds most favor with [illegible].

ENTRY TO CLOSE THE BOOKS FROM SINGLE TO DOUBLE ENTRY

Mdse	As per Stock sheet	[illegible]	80		
Office Furniture	As per Inventory	[illegible]	00		
House and Wagon	As per Inventory	145	00		
Rent	Amount prepaid	37	00		
Cash	On hand	80	00		
Bills	On deposit	1178	68		
" Accts. Receivable	As per Ledger	114	68		
" To Accts. Pay	As per Ledger			250	00
" " Gross	Prop. Worth			2457	05
		2707	05	2707	05

[illegible]

LEDGER—SINGLE ENTRY

Dr. LOSSES (Ledger)

19—				19—			
Sep.	30	To Losses Prop. Acc.	[illegible]	Sep.	1	By Investment	2450
	"	" Net Worth [illegible]	2457 05		30	" Gain	18 05
			2468 05				2468 05
				19—			
				Sep.	8	By Net Worth	2457 05

McKinnon Bank.

19 Sep.	1	To deposit	[illegible]		19 Sep.	1	By cheque No. 1	[illegible]	
		"	[illegible]				" " 2	[illegible]	
		"	[illegible]				" " 3	[illegible]	[illegible]
	2	" " proceeds bills [illegible]	[illegible]				" " 4	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]			" " 5	[illegible]	[illegible]
			[illegible]	[illegible]			" " 6	[illegible]	[illegible]
							" Balance c/d	[illegible]	[illegible]
			[illegible]	[illegible]				[illegible]	[illegible]
19 Sep.	8	To balance	[illegible]	[illegible]					

Mrs. J. Thomas, 100 Jackson St. E.

19 Sep.	2	To goods	2	80	19 Sep.	4	By cash		
	6	" "	1	75		6	" "		

(Transferred to [illegible])

Dom. Life, 7 Lock St.

19 Sep.	[illegible]	By [illegible]	
		Potatoes [illegible]	85
	[illegible]	[illegible]	
	[illegible]	[illegible]	
		[illegible]	35
	[illegible]	lbs. [illegible] [illegible]	30
	[illegible]	[illegible] Mustard [illegible]	
		[illegible] Sauce [illegible]	25
	[illegible]	lbs. R[illegible] [illegible] lbs.	
		Raisins [illegible]	30

Dis.

J. Giles, Private Account.

19 Sep.	6	To groceries	6		19 Sep.	6	By J. Giles, Cap. Account dr. 11
	6	" cash	5				
			11				11

The following accounts are opened at the time of changing the books to double entry:

Must.

19 Sep.	6	To groceries on hand	950	80

Office Furniture.

19 Sep.	6	To am't per inv't'y	200	

HORSES AND WAGON

1 Sept.	[illegible]	115	

RENT

1 Sept.	[illegible]	37	5

CASH

30 Sept.	[illegible]	40	00

BUSINESS TRANSACTIONS FOR SEPTEMBER.

[illegible] Journal, Cash Book, double entry form, Order Book, Bill Book and Ledger [illegible] as part [illegible] M. Graham, who makes an investment in [illegible] M. Graham's present worth. The gains or losses are to be shared equally. The books [illegible] Accounts. A postage is to be made, from the Journal. The teacher may how [illegible] post from [illegible] and [illegible] it throughout.

Sept. 1. Wm. [illegible] Bill [illegible] accepted, date of acceptance Sept. 8. Deposited [illegible] Bought of H. [illegible] Sept. [illegible] last [illegible] lbs. Y. H. Tea at 30c.

2. [illegible] drafts at [illegible] days date, payable at the Molsons Bank in full of account. [illegible] Sept. 1. H. [illegible], and Clark. We shall have paid their accounts.

Gave [illegible] Sept. 1st note at 30 days in full of account. Received cash for J. S. Brown's [illegible] Cash [illegible] Sept.

[illegible] Accts. Filled [illegible] Mrs. L. Thomas, 10 lbs. Gran. Sugar at [illegible] Received [illegible] Henry Wells, 1 bkt. Peaches $1.25; 10 lbs. Gran. Sugar at [illegible] Received [illegible]

[illegible] Paid for horse feed $2. Bought of R. Clark, 50 bush. Potatoes at [illegible] Approved 65c. Gave in payment an order on J. White, Dundas, [illegible] Paid Jones paid his account of [illegible]

[illegible] Paid [illegible] wages in cash $7. Cash sales $25.50.

INVENTORIES

Groceries valued at	5007 47
Office Furniture worth	60 00
Horses and Wagons	180 00
Rent prepaid 2 weeks	25 00

You will now make out Statements of Resources and Liabilities, and of Losses and Gains. [illegible] and Gain accounts, and apportion the gain. Close the Resource and Liability accounts [illegible]

SUPPLEMENTARY RESULTS. Your statements and books should show the following:

Resources	$5151 20
Liabilities	71 00
L. Gains or Losses	17 50
M. Grahams Gains or Losses	17 50
L. Gains [illegible] worth	440 14
M. Graham's [illegible]	440 15

OPENING A NEW SET OF BOOKS BY SINGLE ENTRY FROM THE FOLLOWING STATEMENT OF J. WHITE'S BUSINESS.

Resources: Cash, $594; Mdse. Inv'ty, $750; W. Manson owes, $30; Notes on hand, $225; Bank of Commerce, $4280; Real Estate Inv'ty, $1080; Interest accrued, $2.

Liabilities: A. Clappison on acct., $177.50; E. Crooks on acct., $407.50; B. Pay, $875.00.

J. WHITE	Cr.		6961 00
By the following Resources:			
Cash on hand		594 00	
Mdse. "		750 00	
W. Manson on acct.		30 00	
Notes on hand		225 00	
Deposit in Bank of Commerce		4280 00	
Real Estate inventory		1080 00	
Interest accrued		2 00	
J. WHITE	Dr.		1460 00
To the following Liabilities:			
A. Clappison on acct.		177 50	
E. Crooks "		407 50	
Notes outstanding		875 00	
W. MANSON	Dr.		30 00
To balance due on acct.			
BANK OF COMMERCE	Dr.		4280 00
To amount on deposit			
A. CLAPPISON	Cr.		177 50
By balance due on acct.			
E. CROOKS	Cr.		407 50
By balance due on acct.			

All items affecting auxiliary books are now entered.

BUSINESS TRANSACTION FOR SINGLE ENTRY SET 2.

Books to be used; Order Book, Journal, Cash Book, Bill Book and Ledger.

(Student) commences on Sept. 15, Retail Grocery Business at the corner of James and Jackson Streets, leasing the premises from Moore and Davis at a yearly rental of $480.00, payable monthly in advance. The following Resources and Liabilities represent the net worth of Student at commencement: Cash on hand, $1,500.00, Mdse. per inventory, $400.00, Note on hand, $200.00, Jas. Jones owes on acct., $195.00, Deposit in Ontario Bank, $283.00, Expense inventory, coal on hand $12.00, Note in favor of J. West, dated August 28, 1901, at 6 months, for $148.00. Owe J. White on acct. $100.00.

Deposited, $1,200.00 in the Ontario Bank. Engaged Thomas Black as clerk at $8.00 per week. Paid one months rent of store per cheque, $40.00. Paid cash for set of books, $3.00. Bought of Battram & Co., 10 bskts. Peaches at $1.25, 2 bbls. Gran. Sugar, 520 lbs. net at 4c. Cash sales to-day $18.75.

16. Delivered the following orders to-day all on account: Mrs. A. Snider, 50 East Ave., 3 lbs. Sodas at 10c., 2 lbs. Cheese at 14c., 1 bottle Pickles at 25c., 2 lbs. Tea at 40c. D. Burdette, 70 Park St. N., 2 bskts. Peaches at $1.50, 20 lbs. Gran. Sugar at 5c. J. Burns, 200 John St. N., 5 doz. Eggs at 15c., 1 bbl. Apples, $1.75, 5 lbs. Raisins at 13c.

Received of Jas. Jones, $100.00 on acct. Paid J. White $70.00 on acct. Deposited in Ontario Bank $75.00. Cash sales, $18.70.

17. Delivered the following paid orders to-day, money put in the till with the cash sales: J. Robson, 25 Queen St., 10 lbs. Sugar at 5c., 2 bskts. Peaches at $1.50. W. Wallace, 18 Bay St. N., 1 bbl. Apples $1.75, 2 lbs. Tea at 40c. H. Smith, 47 York St., 1 lb. Butter 25c., 5 lbs. Sugar at 5c., 1 lb. Tea at 40c.

17. Discounted at the Ontario Bank, J. Thomson's note of $200.00 dated Aug. 17, 1901, at 3 mos., Proceeds placed to my credit. Discount $2.10. Bought of Battram & Co., 5 bskts. Peaches at $1.25, 2 bbls. Gran. Sugar 510 lbs. net at 4c. Gave in part payment my cheque for $15.00. Sold Wm. George, Dundas, family supply of groceries amounting to $25.00. Received in payment his note at 30 days in settlement.

17. Deposited $25.00. Cash sales including paid orders $35.00. Received of Mrs. A. Snider cash $1.03. Received of Jas. Jones $05.00. Paid for postage stamps $1.00. Paid $100.00 per cheque on note, favor J. West.

18. Sold T. Horsey, Stoney Creek, family supply of groceries (make out order) amounting to $15.00. Received $5.00 cash, put in till, balance to remain on account.

18. Paid Battram & Co., cheque for invoice of the 15th inst. less 5 per cent. discount.

18. The following orders on account were delivered to-day: D. Burdette, 2 lbs. Tea at 40c., 3 lbs. Butter at 25c., 5 doz. Eggs at 15c. J. Burns, 2 bskts. Plums at $1.00, 1 bu. Potatoes 40c. Cash sales $27.00.

19. Sold J. Williams, Beamsville, family supply of groceries amounting to $55.00. Received in payment my note transferred by J. West. Balance to remain on account.

Gave my note at 15 days date in settlement of Battram & Co's account. Cash sales $12.50.

20. T. Horsey paid the balance of his account. Paid cash to the clerk $8.00. Withdrew from the Bank for private use $75.00. Cash sales $15.00. Paid J. White the balance of his account.

INVENTORIES.

Groceries		$275.54
Coal, $10.00, stamps, 50c.		10.50
Rent prepaid		30.00

Give Bank one-half page, all other accounts one quarter page each.

Results:	Cash on hand	$ 511.67
	Resources	2390.83
	Liabilities	11.65
	Student's worth at closing	2379.18
	Student's net gain	22.18

After completing the work for Set 2, you will take the necessary steps to change the books to Double Entry following the instructions given in the preceding set.

MEMORANDA OF TRANSACTIONS SET 2, CONTINUED BY DOUBLE ENTRY.

22. Admitted as partner N. Brisco, who invests $1200 cash and will share one-third of the gains or losses. Deposited $1000. Prepaid note favor of Hazell & Son per cheque, discount off 25c. Received cheque on Bank of Montreal from J. Williams to balance his account to date.

23. The following orders on account were delivered to-day: D. Burdette, 3 lbs. Cheese at 15c., 1 lb. Pepper 40c., 1 sack Salt 10c.. J. Burns, 2 lbs. Butter at 20c., 1 tin Salmon 15c., 2 doz. Eggs at 14c.. 1 lb. Tea 40c.

23. Discounted at the Bank, W. George's note, proceeds $24.50 placed to our credit. Cash sales $45.50.

24. We have decided to conduct our business on a strictly cash basis. Cash sales to-day $52.07.

25. Bought a new stock of groceries for cash $300.

26. D. Burdette paid his acct. of $7.25. J. Burns paid his account in full. Cash sales $75.

27. Paid clerk for services $8. Each partner withdrew for private use $25 cash. Deposited all cash $547.27 in Bank.

INVENTORIES.

Mdse.: In arriving at the inventory consider the sales to have been made at a uniform profit of 25 per cent.

Expense: Coal on hand $5. Rent prepaid $20.

Close the Ledger, and hand all books and statements to the teacher for examination.

Results:

Ontario Bank balance	$3079.64
Resources	3540.38
Net Gain	11.20
Student's Net Worth	2361.65
N. Brisco's	1178.73

INDEX.

A

Acceptance 62
Account Sales 103
Accounts showing Losses and Gains 17, 20
An Account defined 5
Articles of Agreement 66

B

Balance Sheets 25, 26, 34, 35, 38, 39, 47, 48
Balance Sheet exercises 40, 50
Bank Account in the Ledger 44
Bank Draft 59
Bill Books, use, and form of 57
Bills Payable, Account defined with exercises. 22
Bills Receivable, Acc't defined with exercises. 23
Bills, form of 22, 23
Bookkeeping defined 5
Bad Debts 87

C

Capital Account defined with exercises 9
Cash Account defined with exercises 6
Cash Book, use and form of 54, 73
Cash Discounts 81
Changing Single to Double Entry 112
Checking the posting 34
Check defined and form of 58
Closing the Loss and Gain Accounts 19, 20
Closing the Ledger 26, 27, 28
Commission Business 97
Consignment Accounts defined with exercises 98
Consignment Ledger 102
Customers' Ledger defined with example 89

D

Day Book defined 5
Debit and Credit defined 5
Doubtful Accounts 87
Double Entry defined 5
Drafts defined and form of. 62

E

Errors in Trial Balances 33
Exercises in Balance Sheets 40, 50
Expense Account defined with exercises 14
Express Money Order 60

F

Fundamental principles of Double Entry 6

H

How to find the Gain or Loss on Merchandise 9

I

Interest and Discount defined with exercises. 21
Interest, legal rate of 36
Inventory, how found 19
Invoice Book defined with example 81
Invoice of Shipment 93

J

Journalizing defined. 5
Journal, forms of 11, 65

L

Ledger defined 5
Ledger, forms of, ordinary 12, 17, 18, 19, 28, 29, 30, 31
Ledger closing 26, 27, 28
Liability defined 5
Loss and Gain Accounts, examples of, 8, 14, 15, 21

M

Merchandise Account defined with exercises 8

N

Net Insolvency defined 10
Note forms 22, 23

O

Opening Double Entry Books with exercises 52
Order for goods 60
Order Book 88

P

Personal Accounts defined with exercises 15
Posting 12
Present Worth defined 10
Proprietor's Account defined with exercises 9
Provision for Bad Debts 87
Post Office Money Order 61
Purchase Book defined with example 81

R

Real Estate Account defined with exercises. 15
Receiving Book 101
Resource defined 5
Ruling an Account 33

S

Sales Book, form of 72
Shipping Business 91
Single Entry 106
Statement of Resc's and Liab's Single Entry . 111

T

Trial Balance defined 13